DEKRA

SAFE
SECURE
SUSTAINABLE

FINANCIAL REPORT 2023

At a **glance**

When it's a matter of safety, security and sustainability, whether on the road, at work, or at home, millions of people throughout the world place their trust in DEKRA's expertise. As the leading non-listed expert organization, we act on a neutral and independent basis to fulfill the mission laid down in our articles of incorporation. With almost 49,000 employees in around 60 different countries on five different continents, DEKRA stands for innovative services. To mark the Company's centenary in 2025, our vision is to be the global partner for a safe, secure and sustainable world.

DEKRA renders its comprehensive range of services internationally to more than 500,000 customers across six Regions of the world. Our portfolio ranges from vehicle inspections, expert appraisal reports, industrial and building inspections, advisory, training and personnel management services, all the way through to the testing and certification of analogue and digital products and systems. With more than 500 services alone, DEKRA assists in the transformation to sustainable management. Moreover, through its commitment to cybersecurity and the regulation of artificial intelligence, DEKRA is helping to build trust in new technologies and to master the related challenges, such as mobility of the future. As an independent third-party entity, DEKRA thus stands for human safety and security in a digital world.

DEKRA SE – Key Figures

	2021	2022	2023
Revenue and income			
Total revenue in € million	3,534.8	3,796.5	4,101.4
Share of international revenue in %	39.3	37.9	37.9
Adjusted EBIT in € million	226.0	226.4	255.3
Adjusted EBIT margin in %	6.4	6.0	6.2
Adjusted EBT in € million	215.5	210.5	237.9
Statement of financial position			
Total assets in € million	2,811.3	2,812.4	2,882.4
Equity in € million	942.8	1,153.5	1,133.5
Equity ratio in %	33.5	41.0	39.3
Employees			
Number as of Dec. 31	47,770	48,646	48,771

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Introduction by the CEO

Dear Readers,

Despite only moderate growth in the global economy, DEKRA achieved an all-time sales record in 2023. Total revenue increased by 8.0 percent to 4.1 billion euros. It is particularly pleasing to note that all the Service Divisions and Regions contributed to this, with double-digit growth in some cases. This success is based on our strong market positions and the huge trust placed in us by over 500,000 customers worldwide.

In the 2023 financial year, we made further progress in implementing our Strategy 2025. By offering new training, consulting, testing, validation and inspection services in growth areas such as sustainability, future mobility and artificial intelligence (AI), we were able to strengthen our importance as an independent partner.

In the key area of sustainability, we expanded our offering to around 500 services, including life cycle analyses, the testing of systems and infrastructure for sustainable energy generation and ESG auditing and consulting services. We are also strengthening consumer confidence in e-mobility: Our patented battery test makes it possible for every e-vehicle owner to carry out a high-precision measurement of their car's battery condition in just a few minutes.

We are helping to shape the safety of future mobility through massive investments – for example, we are further expanding our testing facilities at DEKRA Lausitzring in Klettwitz, Germany. This expansion in 2023 moved us closer to our goal of becoming the world's largest independent center for automated and connected driving.

In the 2023 financial year, it became clear that the transformative power of AI requires clear rules. Due to our experience and expertise in the testing and certification sector as well as in technology and IT, we are participating in this process. DEKRA is involved in several government initiatives and committees and is operating as an impartial third party to help to ensure that the AI revolution proceeds safely. We further underscored this ambition in 2023 with the pioneering introduction of the first testing procedures for AI applications.

DEKRA has great confidence in the expertise and commitment of its employees, in the quality of its services and in Strategy 2025. This is why, even in the volatile environment of the current 2024 financial year, we will continue to grow and help make the world safer and more sustainable.

Stuttgart, April 2024
Chairman of the Management Board
DEKRA SE

Stan Zurkiewicz

Group Management Report

Fundamental Information on the Corporate Group

Group Management Report of DEKRA SE, Stuttgart, for the financial year 2023

Fundamental Information on the Corporate Group

Group business model

DEKRA ensures safety

For almost 100 years now, DEKRA has been committed to ensuring people's safety in all of life's situations. What started out in 1925 with the technical monitoring of motor vehicles, today comprises a wide range of services, notably for inspecting, testing and certifying vehicles, products, processes, and facilities, as well as initial and further training. In terms of revenue, DEKRA is the world's largest non-listed expert organization in the TIC (testing, inspection, certification) industry, and is benefiting from the lasting and global trend towards greater safety, security and sustainability. The Company's safety mission as set out in its articles of incorporation is just as valid today as when it first started out.

Around

48,800

employees in around 60 countries worked at DEKRA by the end of 2023.

By the end of 2023, DEKRA had around 48,800 people in its employment in some 60 countries on five different continents. The Company carried out around 32 million vehicle inspections globally. Since 2022, the comprehensive services it offers have been sorted into seven Service Divisions. The global business is managed by DEKRA SE, based in Stuttgart, and is divided into six Regions. In the year under review, DEKRA amalgamated the countries of Germany, Switzerland and Austria into the GSA Region (Germany, Switzerland, Austria) so that it could better make use of the close economic ties between the three markets.

Represented in all regions of the world

Of the six Regions, GSA is the major market region with revenue of 2.6 billion euros, followed by South-West Europe (which also includes the Company's second domestic market of France) with 551.3 million euros. DEKRA generated revenues of 397.5 million euros in the North-West Europe Region and 190.4 million euros in Central East Europe & Middle East.

Besides Europe, DEKRA also focuses on the markets in the APAC (Asia-Pacific) Region (with revenues of 260.7 million euros) and the Americas Region (with revenues of 144.4 million euros).

Systematic expansion of the product & service portfolio

Across its seven Service Divisions, DEKRA focuses on the ongoing development and optimization of its services within the corresponding business sectors. In the context of digitalization, interconnectivity, and the growing significance of artificial intelligence (AI), and cybersecurity, DEKRA's team of experts is developing the safety and security solutions of tomorrow, reinforcing the Company's role as a pioneer in the realm of safety and security.

DEKRA's service portfolio is bundled into the following Service Divisions:

Vehicle Inspection

This Service Division comprises periodically recurring vehicle inspections, as well as non-periodic technical inspections and periodic emissions tests for all kinds of vehicles. In this core area of its expertise and with an eye on the future of mobility, DEKRA provides reliable technical inspections of increasingly connected and automated vehicles with combustion engines and of electric vehicles with alternative drive systems that use batteries or fuel cells (hydrogen).

Claims & Expertise
The services offered by the Claims & Expertise Service Division include claims settlements for any type of damage claim, vehicle valuation and administration services, and expert appraisal reports – both nationally and internationally.

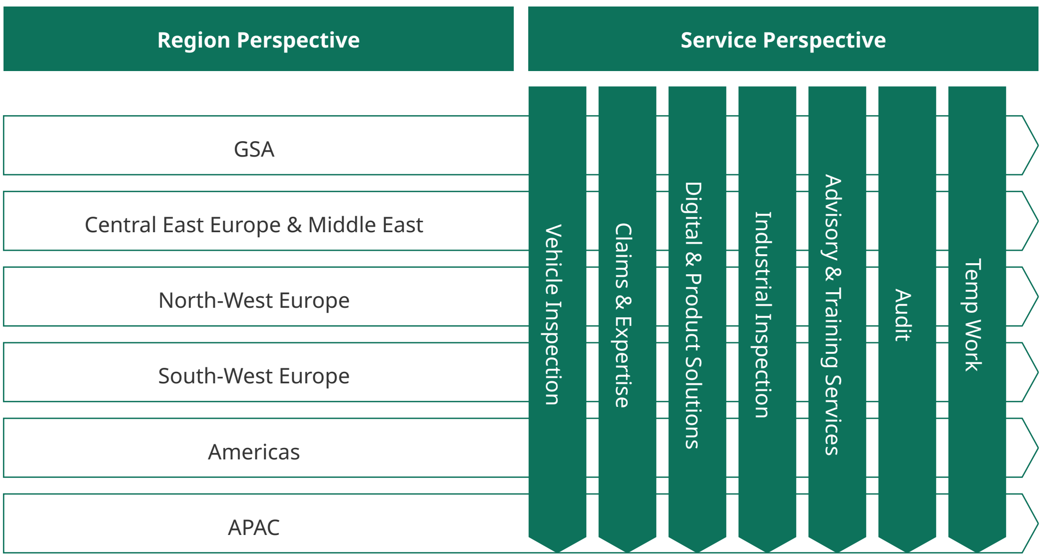
Digital & Product Solutions (prior year: Product Testing)
The area of expertise for the Digital & Product Solutions division includes the testing and certification of consumer, industrial, automotive, information & communications products and medical goods. DEKRA combines analogue safety checks with intelligent digital testing solutions, thus working towards a future in which products are safe, function perfectly, communicate smoothly with each other and meet cybersecurity requirements.

Industrial Inspection
DEKRA renders comprehensive building, facility, machinery, and infrastructure inspection services, including a wide range of materials testing, for customers in industry around the world.

Advisory & Training Services
Our competent advisory and training services delivered to a broad range of sectors result in well-qualified employees and top-performing companies. Using modern tools and digital technologies, our experienced consultants and trainers provide support by means of services that are customized to suit the individual needs of our customers.

Audit
The Audit Service Division's core expertise lies in the independent evaluation and certification of management systems in accordance with national and international standards. DEKRA holds a diverse range of accreditations for system certifications, and offers first-party (internal audits), second-party (auditing suppliers in accordance with their own standards) and third-party audits (auditing in accordance with internationally recognized standards, with corresponding authorization).

Temp Work
The employees in the Temp Work Service Division are characterized by their extensive know-how in the fields of HR, solutions management, events management, and logistics management. In terms of revenue, DEKRA is the sixth-largest of Germany's major HR service providers.



Objectives and strategies

We will be the global partner for a safe, secure and sustainable world.

DEKRA's strategic focus and operational management are guided by the principle of stable and healthy growth. As such, professional expertise, innovative power and proximity to customers continue to be our primary tasks. Through its "Vision 2025" and the focus on the relevant three areas of life – on the road, at work and at home – DEKRA has mapped out its course for the coming years on the occasion of its 90th anniversary in 2015. Now, for its upcoming centenary in 2025, DEKRA has set itself the following goal: We will be the global partner for a safe, secure and sustainable world.

DEKRA celebrates
100 years
in 2025

In the 2023 financial year, DEKRA again demonstrated its full commitment to achieving this long-term objective. Digital transformation is an important part of this. Even though DEKRA is already a globally acknowledged business partner for the testing, certification and inspection of intelligent and connected vehicles, products and facilities, we are nevertheless constantly working to further enhance our digital competency on the basis of a comprehensive digital strategy. This starts internally with advanced, global IT and new ways of working, includes digital interaction with customers, and extends through to new and data-driven services. Consequently, DEKRA will digitalize its processes as far as possible, further expand its technical expertise, work on shaping digitalization in its markets through innovation and technology partnerships, and build up new business lines. The Company's digital strategy was rolled out Group-wide in 2021 and will be implemented by 2025. In the reporting year, DEKRA created a new management position of Chief Digitalization Officer (CDO) and since July 1, 2023, the role has been held by an expert in the field of digitalization, Petra Finke.

In 2021, DEKRA added two more components to its corporate vision: Security and Sustainability. Digital connectivity of products and systems has lead to a broadened concept of safety and security; though the human involved continues to be the priority, physical safety is no longer the only consideration – nowadays it is also necessary to ensure security in the sense of protecting personal data and networked systems against external attacks. Moreover, DEKRA has now also anchored the concept of sustainability in its corporate vision.

In association with a broadened corporate vision, the Company mapped out its strategic course. This is structured as five corporate focus areas that represent key fields of growth, in which existing services will be improved and new digital services will also be developed. These corporate focus areas are: Future Vehicle & Mobility Services, IT & Cybersecurity Services, Remote Services, AI & Advanced Analytics, and Sustainability Services.

As a global enterprise, we benefit from sustainable advancement of the economy, the environment and society. We have assessed the impact of climate change on our organization and on our business model and taken this into consideration in our sustainability strategy. This strategy undergoes continual further enhancement in close consultation with the Management Board and Executive Management (the highest management level directly beneath the Management Board). We are addressing the specific challenges related to our business activities such as, for example, the indirect impact of business trips on the climate, and we are working on limiting these and developing innovative solutions. We also take environmental and climate issues into consideration in our internal risk management process and in our internal audit system. Through our internal environmental management system, we assess our key areas of resource consumption and our key emissions, and thereby establish what the relevant risks are and where there is potential for improvement.

Research and development

DEKRA has been an independent expert organization since 1925, meaning that the Company has been working in the area of road safety for almost 100 years – taking responsibility for periodic vehicle inspections, deployment of accident analysts and accident investigators, crash tests, public campaigns and involvement in national and international committees. DEKRA's accident investigation department, for example, has been supporting automotive manufacturers and system suppliers with crash tests and accident analyses for more than 40 years now. The department's ongoing mandate is to analyze real-life accidents on the roads in order to draw conclusions for road traffic safety.

Furthermore, DEKRA uses its status as an international expert organization to inform the public, by means of workshops and publications, about relevant technical requirements for better road safety.

Digitalization and road safety

The 16th edition of the DEKRA Road Safety Report [in German: "Verkehrssicherheitsreport", abbreviated to "VSR"] was issued in the 2023 financial year. The DEKRA VSR, published annually since 2008, provides up-to-date information and advice on the further enhancement of road safety for decision-makers in politics, associations and companies. Under the heading of "Technology and People", the 2023 edition of the DEKRA VSR analyzes how the driver's role and the human-machine interface are changing as road traffic becomes increasingly digitalized. The report highlights numerous problem areas from the point of view of accident research, traffic psychology, vehicle technology, infrastructure and legislation.

The DEKRA VSR is accompanied by the DEKRA online portal for road safety, www.dekra-roadsafety.com. This provides additional content to supplement the printed report, such as videos and interactive graphics. The portal also addresses many other topics relating to road safety, including vehicle technology, infrastructure, and human factors, such as the issue of being distracted by smartphones.

Mobility of the future

DEKRA has been there alongside technological developments in the automotive sector for many years. The shift towards the mobility of the future represents a particular challenge for all parties involved in the automotive industry. With that in mind, a team at DEKRA has been working on developing services covering every aspect of the connected vehicle. To do so, DEKRA pools the entire range of knowledge gained from laboratory tests and materials testing all the way through to homologation and type approval, across organizational and national borders.

Following its acquisition of the Lausitzring racetrack in Klettwitz, Germany in November 2017, DEKRA merged the racetrack with the adjoining DEKRA Technology Center in 2018. Here, on 540 hectares of land, we have created a unique manufacturer-independent testing and inspection center for advanced driver assistance systems and automated driving.

The investments made so far – in areas including tracks as well as transmission and measurement technology – total an amount in the mid-double-digit million range. The construction of city tracks on the parking lots was completed during the year under review. It is now possible to try out a whole variety of inner-city scenarios on these new tarmac surfaces, using mobile infrastructure and flexible built-up urban sections. Added to the already-existing tracks at the DEKRA test oval and the Lausitzring racetrack, this will enable us to try out test vehicles in flexible inner-city and cross-country scenarios. Through the testing it provides to manufacturers and suppliers to accompany their development work, as well as testing for homologation and type approval, DEKRA ensures that the automated driving functions that will be in use on roads in the near and distant future really are safe.

Hydrogen technologies are set to play a key role in combating climate change. As such, DEKRA has committed in principle to a future hydrogen economy, and is involved in developing internationally recognized standards and regulations for this, as well as considering the issue of safe infrastructure. DEKRA contributes essential know-how here, on subjects ranging from the production, transportation and distribution of hydrogen solutions, all the way through to their use – not least in successful customer projects and pilot projects.

In the year under review, DEKRA was one of the first test organizations in Germany to be given approval for all of the key services surrounding hydrogen filling stations. This means that DEKRA's team of experts is authorized to certify the conformity of such filling stations with the applicable safety standards and to verify the quality of the hydrogen provided there.

Ongoing digitalization campaign
In the year under review, DEKRA continued to move forward with the digitalization of services and processes, thus further paving the way for the development of services and standards in the area of AI and cybersecurity.

For instance, in 2023 DEKRA launched the first generation of AI testing services onto the market; these can assist our customers in proactively preparing for future regulations and learning to trust AI-supported solutions. These services are accompanied by a business unit that carries out AI assessments and AI tests, for example on the robustness of models, on data quality and on risk management. The goal is to perform conformity assessments while at the same time guaranteeing maximum safety standards. DEKRA was also involved in the establishment of AI industry standards and the promotion of best practices during the year under review, through its participation in AI standardization committees and working groups, for example.

Just as in the future field of AI, DEKRA is also committed to further developing a secure environment in the equally relevant field of cybersecurity. DEKRA's experts have been involved in developing new standards and certification systems to this end. For example, in cooperation with the European Union Agency for Cybersecurity (ENISA), the Company was closely involved in formulating a cybersecurity certification system specifically for AI.

DEKRA has expanded its services in the field of testing communication technology. It provides testing services for sensors, systems and vehicles that are compatible with Apple car keys via NFC, ultra-wide bands or Bluetooth technology. DEKRA has already been authorized to provide third-party audits, pretesting and advisory services relating to Apple car key features. These services are rendered by DEKRA laboratories in the USA, Spain and China.

Integrity[1]

Compliance management system
DEKRA depends on having the trust of its customers, its employees and the general public. Integrity, reliability and neutrality are the cornerstones of its corporate values and an integral part of the corporate culture. The Management Board has set up a compliance department geared towards damage prevention and risk control. The overall responsibility for the compliance department lies with the Chief Compliance Officer who acts autonomously in this role and reports to the Chief Financial Officer (CFO).

The DEKRA Compliance Management System (CMS) defines the entirety of the organizational measures and processes that have been implemented in order to identify individual compliance risks in the Company, prevent and minimize violations by its corporate bodies and employees and react to breaches of duty by swiftly and effectively clarifying, remedying and penalizing such violations. In 2023, DEKRA enhanced and adapted its CMS in line with changes to regulatory requirements. The web-based international compliance training concept developed by the DEKRA Compliance Office was updated and rolled out across the entire DEKRA Group. This training concept ensures that all of DEKRA's employees are aware of compliance, thereby enabling them to quickly recognize issues and risks which are relevant to the topic of compliance.

The DEKRA Compliance Guidelines set out exactly what the Company expects and requires in terms of its compliance culture – in relation to itself, its employees and its business partners. The DEKRA Compliance Guidelines contain clear specifications for employees and provide them with instructions and guidance for appropriate action. The DEKRA Compliance Guidelines were updated in the year under review, and were evolved into the DEKRA Code of Conduct & Ethics.

DEKRA employees and third parties throughout the world are instructed to report any potential compliance violations. Our DEKRA Whistleblower System makes it possible to report compliance incidents, violations of the law, infringements of social or other environmental standards, and other types of misconduct. The DEKRA Whistleblower System fulfills all the requirements of the German Whistleblower Act ("HinSchG") that came into force on July 2, 2023. It even goes somewhat beyond the legal requirements in that the reporting channel is designed to allow anonymous tip-offs. This facility was

[1] Content not audited by the auditor

used by employees, customers and third parties in 2023. The introduction of the DEKRA Whistleblower System has had a positive impact on our corporate and compliance culture with respect to how we deal with shortcomings, and it has helped us to take swift action which prevents and wards off damage and danger to the Company and the general public.

Quality management

Integrity, reliability and neutrality are values which are crucial to DEKRA's success as an organization of independent experts. DEKRA's reputation and ability to compete on the market, as well as its impartiality when rendering services and public duties are heavily dependent on the conduct of each and every individual. Authorities, clients and customers can reasonably expect that all DEKRA employees – i.e., staff members, middle management, executives and board members – work on the basis of these standards, and can be relied upon to fulfill their duties and conduct themselves as fair-minded business partners. The related internal requirements and obligations are defined in the quality management system.

In the reporting year, DEKRA pressed ahead with harmonizing and digitalizing its quality management processes. In doing so, it focussed on internal audit, on the management of complaints and non-conformities, and on the excellence of its services. Worldwide, DEKRA currently holds around 400 accreditations in a variety of business areas. All accreditations and certifications are now stored in a global database. These strengthen DEKRA's position as an independent third-party entity.

Sustainability[2]

Sustainability services

Since the strategic realignment in 2021, sustainability services have been one of DEKRA's areas of focus. For that reason, in the reporting year the Company continued working on the implementation of a special strategy aimed at expanding, enhancing and marketing its services relating to all aspects of sustainability. Based on its many years of experience and expertise, and also bearing in mind new regional requirements such as the EU directives and the Inflation Reduction Act in the USA, the Company expanded its portfolio of services in the different regions and invested in new services.

Specifically, in the reporting year we developed or enhanced our inspection and certification services, as well as our expert and training services that relate to technologies underlying the turnaround in energy policy, particularly to hydrogen, photovoltaic, wind energy and batteries. Furthermore, DEKRA also enhanced and launched services that assist companies, financial service providers, and investors in implementing and reviewing their sustainability strategies – for example in the context of sustainability reporting. Due to customers' requirements for having the sustainability performance of their companies and products or services verified by an independent entity, DEKRA also revised its strategy regarding official seals. Now, it can offer customers sustainability-related seals in conformity with state-of-the-art technology and already aligned with the anticipated EU Green Claims Directive.

DEKRA also makes an overall contribution to sustainable developments in the economy, environment and society, primarily by acting as a disseminator, through its specialist know-how and expert services with a focus on safety, as well as by specifically supporting its customers in the field of sustainability. The Company has subdivided its portfolio of sustainability services into three categories:
1. Turnaround in energy policy,
2. Closed-loop economy and product sustainability, and
3. Environmental, social and corporate governance (ESG).

[2] Content not audited by the auditor

Sustainability management

DEKRA again continued to expand its sustainability management in the year under review. Based on DEKRA's 2025 sustainability strategy and in the context of sustained development, the Company continued to drive forward with ecological aspects (e.g., expanding internal environmental and climate management) and with social issues (e.g., DEKRA social standards, processes ensuring human rights), along with the organizational integration of sustainability management into the supply chain. Step by step, DEKRA is further improving its performance in these specified fields of focus: Environment & Climate, Employees & Society, Supply & Value-Added Chain and Management & Governance.

In the field of sustainability, the Company is guided by the ten principles of the UN Global Compact, with the aim of helping to fulfill the United Nations' seventeen sustainable development goals (SDGs). One other element in the area of Management & Governance is sustainability reporting: DEKRA reports its progress on the basis of the German Sustainability Code (abbreviated to "DNK"), and internationally "The Sustainability Code". At the end of 2023, the corresponding report was externally audited for the third time (limited assurance). However, external ratings also matter: Since the end of 2020, DEKRA has held the highest rank of platinum in EcoVadis' holistic sustainability ratings. Its platinum rating was confirmed for the third time in succession in the year under review. Thus, DEKRA continues to be in the top one percent of rated companies. The Company's internal sustainability management structure and organization across DEKRA's different Regions and countries ensure that key sustainability concepts are implemented in accordance with their regional materiality.

Since the end of 2020, DEKRA has held athe **highest ranking of platinum** in EcoVadis' sustainability ratings.

The Company expands and enhances its internal environmental management and data-based control of environmental and (in particular) climate protection aspects in conformity with current findings and requirements. The focus here is on the efficient use of energy and resources, and particularly on climate protection. The central element of this is the reduction path for greenhouse gas emissions designed in conformity with the Paris Agreement's 1.5°C target; in 2023 this path was submitted for validation to the Science Based Targets initiative (SBTi). The cornerstones of this reduction path are rigorous decarbonization measures focussing on procuring and generating renewable energy, efficiency and cost-saving measures, and the conversion of our fleet of vehicles to alternative drive systems. Specific goals here include, for example, switching to 100% renewable energy for the supply of electricity by 2025.

100% renewable energies is one of DEKRA's targets for 2025.

As a provider of expert services, the workforce is DEKRA's most important asset – which is why the "Employees & Society" aspect of sustainability has a prominent role. It is because of the commitment, integrity and skills of all of its employees that the Company is able to function as an independent third-party entity with worldwide recognition. As such, it is essential to provide all employees with specialized and technical further training, but also to provide training concepts geared towards imparting values and behavioral guidance (e.g., sustainability training, compliance, information security and work safety) as well as internal awareness campaigns (work safety campaign). Equally, the global engagement survey of employees facilitates trust-based dialogue between the workforce and the employees' representatives. Every two years since 2017, all of DEKRA's employees have been asked to give their assessment and perception of their experiences in the workplace, working conditions and general developments. Team dialogues then take place between managerial staff and employees, in which the findings are analyzed and necessary measures are defined and subsequently implemented.

The Company symbolically underscored its commitment to diversity and anti-discrimination in 2022 by becoming a signatory to Germany's "Charta der Vielfalt" (diversity charter) and further built on this by creating and retaining a Diversity Committee and a global Head of Diversity & Inclusion. It carried out a series of specific training sessions for all managerial staff and employees in HR and also held interactive workshops for DEKRA's different Regions.

With regard to work health & safety, the Company continued with its global internal work health & safety program – separated into the three categories of “#safety4me”, “#safety4you” and “#safety4us”. This program aims to make all employees aware of health and safety at work and encourage them to spend time considering additional measures for improving safety at the workplace and on the way to work. The program is based on ongoing communication with methods such as video clips, examples of best practice and safety tips from internal safety experts.

DEKRA’s Policy Statement on Human Rights, which was newly released in 2023 and based on DEKRA’s social standards, does not only cover employees’ rights within the Company but also within the supply chain, in terms of principles geared towards the International Labour Organization Standard. Among other things these concern discrimination and disadvantage, equality of opportunity, work safety, working hours and remuneration, freedom of association and co-determination, freedom of speech, protection of privacy, and also the prohibition of child labor, forced labor, slavery and human trafficking.

DEKRA pays attention to sustainability in its procurement activities, too. As part of our supply chain management system, we request that our suppliers and their sub-contractors comply with sustainability standards and we monitor this compliance. This is laid down in our sustainability code for suppliers, in our letter to suppliers and in our general terms and conditions for procurements.

Personnel report

Growth in personnel

The number of permanent employees increased by **4%** compared with the prior year.

Across DEKRA’s six Regions of the world, headcount (not including Temp Work) rose by 1,182 to 30,850 at year-end 2023 (prior year: 29,668). In the new-for-2023 GSA Region, which comprises the countries of Germany, Switzerland and Austria, the core workforce grew to 13,916 employees, a rise of almost 5% compared to the prior year. The number of employees in the Service Divisions also increased, amounting to 380 at year-end (+15%). The Group’s central departments (“Steering & Support”) recorded a 22% increase in their headcount to 786 employees (prior year: 645) – this is in particular due to the establishment of DEKRA Technology & Services Kft.

In the Temp Work division, the number of employees went down by just under 7%, bringing the total to 16,755 employees as at balance sheet date (prior year: 18,002). In Germany, 8,425 members of staff were employed in the Temp Work division (prior year: 10,690).

As a result, DEKRA SE’s headcount reached the total figure of 48,771 (prior year: 48,646).

DEKRA expects an increase in its workforce in the low four-digit range by year-end 2024.

Statement on corporate governance

Targets have been set for the ratio of women in the main corporate bodies and in first-tier and second-tier management. The target figure for the composition of the Supervisory Board of DEKRA SE is 25.0% (prior year: 16.7%). This quota has been achieved. The target of 25.0% set for the Management Board of DEKRA SE was already reached in 2021. A quota of at least 25% and 30% was set for the first-tier management level (Executive Committee) and second-tier management level (Management Committee) respectively by the end of 2027. With the actual ratio amounting to 10.5% (prior year: 9.5%), the target for the first-tier management level has not yet been attained. With an actual ratio of 19.4% (prior year: 19.8%), the second-tier management level also fell short of the stated target. In light of these results, we are working continuously and sustainably to achieve our targets.

HR strategy

The Group-wide HR strategy serves us as a guiding force for monitoring and meeting the upcoming corporate challenges of the next few years in a focussed manner. Nurturing our employees is a central component of our HR strategy. As such, in the medium and long term we will be concentrating on the following strategic topics: Corporate Culture, Leadership, Talent Management, Employee Experience, Digitalization, Operational Excellence and Structure & Foundations.

HR transformation

In 2022 we already took the first steps in an HR transformation process to establish worldwide a uniform corporate structure in our HR organization. In 2023 we continued this journey with great success. By appointing a global interim HR leadership team, establishing a Center of Excellence (CoE) and global HR operations, we have already established the foundations for a global HR organizational structure.

The “evolve” project represents the HR department’s new digital foundation for introducing global systems and digitalized processes. In 2022 and 2023, we already set important milestones through local and global implementations which we will extend by adding further functionalities in the coming years.

Leadership development

With the introduction of “evolve Performance Management” (ePM), we are supporting managerial staff in strategically developing performance-oriented thinking and acting with a view to a high-performance culture. This newly developed concept is being sustainably supported by the implementation of a “Performance Management Training Journey” in 2023 and 2024.

The Company has defined six new leadership standards to provide a future-oriented strategic foundation for further leadership activities. This is the basis upon which the desired leadership culture and corporate culture are steadily being expanded.

To ensure that these cultures are further enhanced, the Company has introduced a feedback process and standardized leadership appraisals. These constitute specific development measures that the Company has initiated and put in place.

A new global management training program has been set up which gives managerial staff the opportunity to actively rehearse putting leadership standards and DEKRA’s cultural leadership requirements into practice.

As part of the “Digital Leadership Journey”, various practical training formats have been implemented with the aim of preparing managerial staff specifically for digital challenges.

Global engagement survey

The fourth global engagement survey of employees, conducted in October 2023, demonstrated that the measures we have introduced are bringing about significant improvements throughout the whole of the Company. By conducting a follow-up process that was centered on the employees, we raised the level of participation from 73 to 78 percent.

The survey uncovered positive results including a significant increase in engagement, performance management, sustainability and employee loyalty to the Company. In fact the Company achieved an improved outcome compared to the previous survey in almost all dimensions examined.

Talent management

The “Organizational Talent Review” (OTR) process was successfully introduced globally in 2023, for the purpose of systematically identifying and advancing talent and high-potential employees in key positions within the Company. This is effective for the targeted further development of talent and careers, as well as for specific succession planning which favors intensified talent retention. Talent pools and putting talent KPIs into practice help to safeguard and steer the Company in a forward-looking manner.

The goal is to increase the quality of staffing and leadership. This also goes hand-in-hand with the development of talent brokering to facilitate more global mobility and internal career opportunities.

The “International Advancement Program” global management training scheme has been enhanced by means of an “alumni network”. This promotes the targeted advancement of talent and retention of employees.

Diversity & inclusion (D&I)

In 2023, D&I has again been a key concern for DEKRA employees and corporate management. Apart from various internal podcasts and blogs on the subject of D&I, this topic is now also included in the content of compliance and sustainability training courses. The Diversity Day was a success in 2023, as was the introduction of an international women’s network. In the year ahead, there are plans to encourage women in the workplace by means of a specially designed gender-specific training course, as well as measures targeting other groups and individuals. Due to regular liaising with the other Centers of Excellence, the focus on D&I is now embedded in all HR processes, for example in the OTR process as well as in the selection of new staff in the field of recruitment.

Global HR operations

Following the strategic realignment of HR, the Global HR Operations unit is responsible for providing standardized services as well as the continuous enhancement and improvement of these services. In delivering these services, the focus is on gearing them towards the customer by implementing transparent, consistent and global processes, while also taking local particularities into account.

Talent acquisition

In 2023, a global Head of Talent Acquisition was appointed to counter the general risk of a shortage of skilled workers at DEKRA. Her tasks focus on finding, winning and retaining talent on a global scale. To counteract fluctuations in the future, too, we will continue to invest in creating an appealing employer brand under the skilled leadership of the Global Talent Acquisition unit.

Economic Business Report

Economic Business Report

Macroeconomic and sector-specific environment

Slower growth in world economy

Growth in the global economy weakened in 2023, according to the IMF. Whereas the global gross domestic product (GDP) still showed growth of 3.5% in 2022, the growth rate recorded in 2023 was only 3.1%. While the USA recorded growth of 2.5%, which was higher than the prior-year rate (1.9%), there was a distinct slump in the euro zone: Compared to the 3.4% recorded there in 2022, the growth rate in 2023 was only 0.5%. Among the developing and emerging countries, where total growth amounted to 4.1%, India and China recorded the strongest growth (6.7% and 5.2% respectively). Among the western industrialized nations, Spain came out on top (with growth of 2.4%). Germany recorded a decline in growth (-0.3%).

Compared to the prior year, unemployment in the euro zone (as defined by Eurostat) went down to 6.4% (December 2022: 6.6%). Overall, 12.9 million people were unemployed in the euro zone in December 2023.

According to Eurostat, the annual inflation rate in the euro zone decreased year-on-year from 9.2% in the prior year to 2.9% in December 2023. Germany had an annual inflation rate of 3.8% in December 2023 according to Eurostat.

Economic environment presents a mixed picture

In the automotive industry, which plays an important role for DEKRA, the number of newly registered vehicles – according to figures from the German Association of the Automotive Industry (VDA) – rose in all regions of the world, with the strongest increases in Mexico (25.4%), Japan (15.8%), in Europe (EU, EFTA, UK) (13.7%) and the USA (12.4%). Germany recorded a 7.0% rise in newly registered vehicles. The figures in India and China likewise went up by 8.1% and 11.0% respectively.

In 2023, the economic environment was characterized by recessionary trends, such as the subdued mood due to global tension and continuing conflicts such as the wars in Ukraine and the Middle East. In Germany, the manufacturing industry recorded a decline of 1.5% in 2023. However, production in energy-intensive industrial sectors suffered a far greater decline (-10.2% in relation to the prior year).

In the Advisory & Training Services and Temp Work divisions, the awarding of contracts in the public sector plays a relevant part, as does – above all – industry demand for temporary workers. According to data from the German Federal Employment Agency (BfA), the number of temporary workers stood at an annual average of 830,000 for 2022, which is 14,000 more than the preceding year.

Business performance

Group

Substantial growth once again

At Group level, sales increased by

8%

Despite the difficult economic and tense geopolitical environment, DEKRA achieved growth once again in the reporting year. Compared to the prior year, revenues rose by 8.0% to 4,101.4 million euros. A year-on-year increase was achieved in earnings before interest and taxes (EBIT) which went up from 201.8 million euros to 219.4 million euros.

GSA Region

As of April 1, 2023, DEKRA integrated its business activities in Austria and Switzerland into the new Region of GSA (Germany, Switzerland, Austria). With this change DEKRA acknowledges the close links between the three economies and creates the necessary conditions for expanding its business in all three markets. In the GSA Region, revenues increased from 2,370.5 million euros to 2,557.1 million euros in the reporting year.

Sales growth in
all
Regions.

The Vehicle Inspection division recorded an increase in the number of general inspections, partly as a result of expanding its network of inspection facilities. It also expanded its range of services, including with particle concentration measurements for diesel vehicles, as well as further services relating to future mobility. For example, the Company opened new city tracks at the DEKRA Lausitzring racetrack in June 2023. On these tracks, DEKRA tests the safety of advanced driver assistance systems and automated driving features in real-life traffic scenarios, as commissioned by car manufacturers.

The increase in revenues in the Claims & Expertise division can be attributed in part to expert appraisal reports concerning occurrences of hailstorms as well as other damage appraisal reports which have now returned to their pre-COVID-19 pandemic level. Another contributory factor is that this division registered high demand for services relating to pre-owned vehicle management and also in the fields of accident analysis and accident research.

The growth in the Industrial Inspection division was mainly achieved through the expansion of business with services relating to building technology and plant engineering. There was also a positive trend in demand for services concerning work health and safety, and environmental protection.

One reason for the growth in the Advisory & Training Services division is a positive trend in business with corporate customers, as a result of factors including the further digitalization of our range of learning options, for example in the future field of electromobility, and also due to the obtaining of qualifications in order to improve the safety culture at companies. Additionally, there was an increase in business with the public sector. Given the favorable job market, there was – for instance – a continuing trend towards obtaining brief or partial qualifications and towards exam preparations. The high demand for labor in the healthcare sector and in logistics is reflected in a high demand for qualification opportunities. Year-on-year revenue growth was generated by the courses for Germany's Federal Agency of Migration and Refugees (BAMF) and by the options for the career-oriented promotion of language skills.

Despite challenging framework conditions due to the weak economic environment, the Temp Work division succeeded in achieving growth. With around 2,100 framework agreements with German customers, this area of business ranks among the top ten HR service providers. The number of temporary workers in Germany stood at 8,425 in the reporting year (prior year: 10,690).

Central East Europe & Middle East Region

DEKRA recorded revenue of 190.4 million euros (prior year: 167.9 million euros) in the Central East Europe & Middle East Region.

Business volumes increased in the Claims & Expertise division, mainly due to the acquisition of the remaining 50% stake in a company in Hungary in 2022 and its first-time consolidation in 2023, and also because of the recovery of the fleet management business, especially in Italy.

In the Vehicle Inspection division, the vehicle inspection business showed positive developments particularly in the Czech Republic and in Italy.

In the Digital & Product Solutions division, the testing business achieved growth thanks to the expansion of an existing testing laboratory in Hungary and the integration of regional capacities into DEKRA's global network dealing with all aspects such as the testing of the electromagnetic compatibility of components and products.

The Audit division expanded its business in Poland and Italy, through measures such as combining traditional certification know-how with new services in the field of sustainability.

North-West Europe Region

DEKRA's sales revenues in the North-West Europe Region increased to 397.5 million euros (prior year: 365.2 million euros). This growth is primarily due to positive developments in the Vehicle Inspection, Digital & Product Solutions and Advisory & Training Services divisions.

The Vehicle Inspection business division further expanded its network of inspection facilities in Denmark, Sweden and Finland. The figure rose to 176 facilities (prior year: 147). Furthermore, DEKRA succeeded in increasing its market share in Denmark, for instance, from 12.3% to 14.2%.

In the Digital & Product Solutions division, there was an increase in business concerning the certification of medical technology products, for example in the Netherlands, due to new regulatory requirements. Because of its status as a "Notified Body", DEKRA was able to successfully fulfill the requirements of its customers.

Thanks to favourable economic conditions and the great importance attached to initial and further training in Denmark, the Advisory & Training Services division was able to expand its business there.

South-West Europe Region

DEKRA generated revenue of 551.3 million euros (prior year: 535.1 million euros) in the South-West Europe Region.

The Vehicle Inspection division recorded growth in all countries of the Region, for example in France and Spain through the acquisition of new facilities. There was also a positive trend in the Audit and Advisory & Training Services divisions. Both of these divisions were able to expand their business in France.

The Industrial Inspection division generated slight growth in its industrial service activities. Although sales revenues remained slightly below the prior-year level in France, its key market, there was growth in business volumes in Spain.

In the reporting year, the Digital & Product Solutions division recorded growth with its services relating to cybersecurity, telecommunications and electromagnetic compatibility (EMC).

The Americas Region

The Americas Region achieved revenue growth of 27.1%, taking it to 144.4 million euros (prior year: 113.5 million euros). This growth is primarily attributable to positive developments in the Vehicle Inspection, Digital & Product Solutions and Advisory & Training Services divisions.

In the Vehicle Inspection division, DEKRA has been carrying out vehicle inspections in Mexico and Costa Rica since 2021 and 2022 respectively, performed at seven and thirteen inspection facilities respectively in 2023. The number of vehicle inspections went up in both countries in the reporting year.

The growth in the Digital & Product Solutions division was driven by the certification of medical technology products for which the Company is a so-called "Notified Body". To meet the needs of its customers based on new EU standards, DEKRA brought in more experts to work in this field.

In the United States, the Advisory & Training Services division achieved success with its advisory services relating to all aspects of improving the safety culture at companies.

The APAC Region

In the APAC Region, DEKRA achieved an increase in revenue to 260.7 million euros (prior year: 244.3 million euros). The Digital & Product Solutions division was the main driving force behind this success. DEKRA increased its range of services in this division in 2023 by taking over Onward Security, a Taiwanese company specialising in cybersecurity testing. In the reporting year, DEKRA was thus able to expand its business of testing products for end-consumers as well as for the automotive industry.

With respect to the growing field of AI and in the field of AIoT (Artificial Intelligence of Things), in the year under review DEKRA opened its Greater Bay Area AIoT Testing Center in Guangzhou, China. This facility constitutes an enhanced version of the former Smart Home IoT Testing Center and underlines DEKRA's strategic investments in the field of AI.

One further example of DEKRA's continuing investments in the Yangtze delta region is the opening, in July of the reporting year, of the Phase II expansion of the Shanghai Jiading Acoustic and Vibration Testing Center, through which DEKRA has further expanded its customer services relating to top-quality acoustic tests and certification solutions.

Furthermore, in October 2023 DEKRA opened a branch in Ningbo, China, that will assist local and regional companies in their growth. The new branch operates in the Ningbo high-tech zone and includes a state-of-the-art laboratory for safety and EMC tests, for example on lighting and household appliances.

In the Vehicle Inspection division, DEKRA expanded its service portfolio in New Zealand by adding a new feature specifically for inspections of heavy-duty trucks. The issuing of fixed inspection appointments means that inspections can be performed in a more productive way for customers. There was a good response to this new service, which contributed to enabling revenues to reach the same high level as the previous year.

In 2023, in the context of focussing on other markets, the Company decided to sell DEKRA Automotive Pty. Ltd., South Africa, a company that is allocated to the APAC Region.

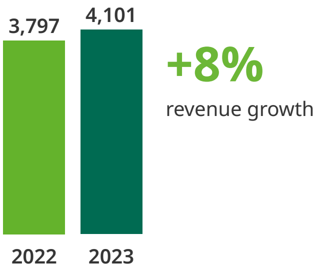
Overall statement by the Management

The year under review was marked by major political and economic challenges. Nevertheless, by focussing on its customers' needs and rigorously implementing its corporate strategy, DEKRA remained on a growth track. The Company expects sales revenues to increase further in 2024 too, as described in the forecast report.

Results of operations, financial position and net assets

Results of operations

Group revenues
worldwide in millions of euros



At 4,101.4 million euros (prior year: 3,796.5 million euros), the DEKRA Group revenues in financial year 2023 were 304.9 million euros higher than the prior-year level, which corresponds to a rise in revenue of 8.0% (prior year: rise of 7.4%). As such this surpassed the goal for the financial year 2023, of achieving a revenue increase in the mid-single-digit percentage range. Earnings before interest and taxes (EBIT) went up by 17.6 million euros from 201.8 million euros to 219.4 million euros. Due to the growth in sales revenues, there was a significant year-on-year increase in EBIT in the reporting year, and the rise in costs, particularly personnel expenses, was more than compensated for. The Company therefore surpassed the target set in the financial year 2022, of achieving moderate growth in EBIT in the financial year 2023.

A 7.7% proportion of the revenue growth is derived from organic growth (prior year: 6.8%). A 0.3% proportion of the revenue growth (prior year: 0.1%) was contributed by acquisitions made in the financial year and the full inclusion of the companies acquired during the previous year. Changes in exchange rates had the effect of reducing revenues by 0.8% (prior year: increase by 0.5%).

All of the Regions recorded an increase in revenues in the financial year compared to the prior year. In absolute terms, the GSA Region made a significant contribution to the revenue growth, recording a rise of 186.6 million euros compared to the prior-year revenues. The Vehicle Inspection, Claims & Expertise and Industrial Inspection divisions in the GSA Region were particularly successful in achieving considerable year-on-year growth in revenues in absolute terms.

Across the DEKRA Group, it was the services delivered in the Vehicle Inspection, Digital & Product Solutions and Claims & Expertise divisions which significantly contributed – in absolute terms – to the year-on-year increase in revenues.

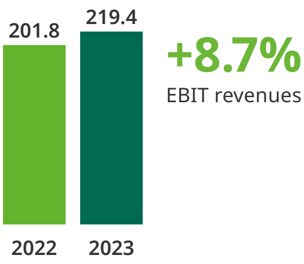
Other operating income, at 47.4 million euros, continued at the prior-year level (47.1 million euros). The reduced income from exchange rate differences and disposals of tangible assets was compensated for by the higher amount of other current income. This mainly relates to income from extra payments made by employees for company cars, among other things.

The cost of materials rose by a disproportionately high rate of 9.3% in relation to the revenue growth. This made the cost-of-materials ratio, at 9.3%, slightly higher than in the previous year (prior year: 9.2%).

Personnel expenses rose by 6.6% in 2023 to 2,718.4 million euros (prior year: 2,550.3 million euros); a disproportionately low rate in relation to the revenue growth. The personnel expense ratio decreased significantly by 0.9 percentage points in the financial year from 67.2% to 66.3%, mainly due to the increase in sales revenues.

Other operating expenses went up by a disproportionately high rate of 13.2% in relation to the revenue growth. They increased to 619.6 million euros, a rise of 72.1 million euros compared to the prior year.

EBIT
worldwide in millions of euros



The expense ratio went up by 0.7 percentage points to 15.1% (prior year: 14.4%). This increase is largely due to the disproportionately high rise in travel expenses, legal and advisory fees, IT costs and other personnel expenses in relation to sales revenues.

The volume of depreciation/amortization increased by 14.6 million euros to 218.7 million euros in the financial year (prior year: 204.1 million euros), mainly due to a rise of 5.8 million euros in depreciation on tangible assets.

Earnings before interest and taxes (EBIT) increased by 8.7% to 219.4 million euros (prior year: 201.8 million euros). The return on sales as a ratio of EBIT stands at 5.4% which is slightly higher than in the previous year (prior-year return on sales: 5.3%).

Compared to the prior year, the financial result went down by 5.3 million euros from -17.9 million to -23.2 million euros. Most of this decrease – an amount of 4.2 million euros – is attributable to higher expenses from the market price valuation of purchase price liabilities.

Consequently, earnings before income taxes (EBT) went up by 12.4 million euros to 196.3 million euros (prior year: 183.9 million euros). The return on sales as a ratio of earnings before income taxes remained at 4.8%, the same as the prior-year level (4.8%).

Compared to the previous year, the Group tax rate rose steeply by 6.4 percentage points to 37.6% (prior year: 31.2%). The increase is due in particular to the effect of off-period items. One major portion derives from the reduction of deferred tax assets on loss carry-forwards.

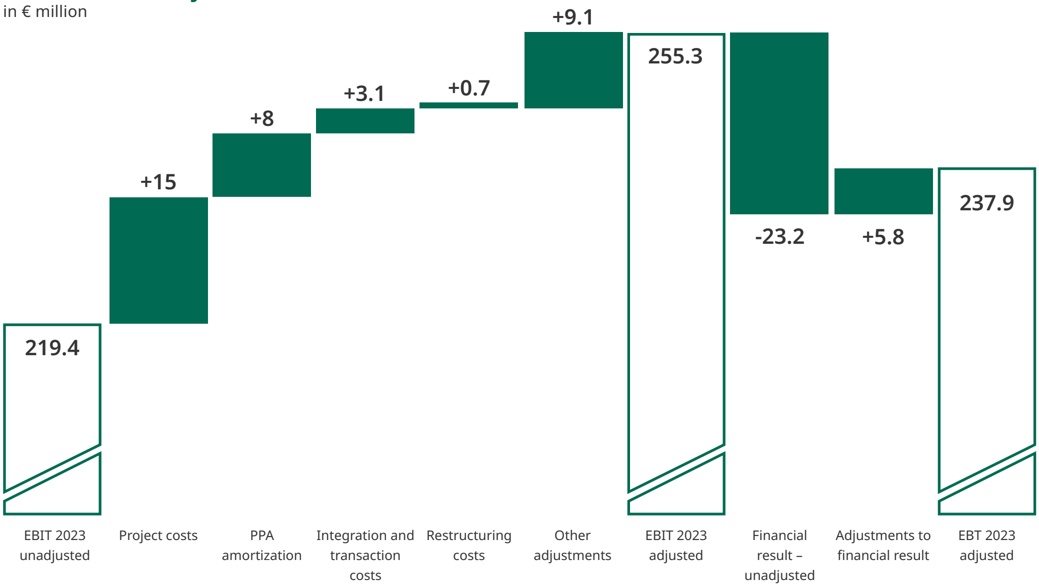
The consolidated net income for financial year 2023 decreased by 4.0 million euros to 122.4 million euros (prior year: 126.4 million euros) due to the rise in taxes on income amounting to 16.4 million euros and also due to the decrease of 5.3 million euros in the financial result, which was compensated for by the rise in EBIT amounting to 17.6 million euros.

Other comprehensive income went down by 209.6 million euros to -72.5 million euros (prior year: +137.1 million euros). This development is mainly attributable to the change in actuarial adjustments made to pension liabilities, which had an adverse impact of 61.6 million euros on other comprehensive income (prior year: +150.7 million euros). Moreover, the foreign currency translation reserve changed by EUR -11.3 million euros (prior year: -6.7 million euros), which was mainly attributable to subsidiaries in India, South Africa, Taiwan and the USA. The adjustment made to equity instruments measured at fair value through other comprehensive income had a positive impact of 0.4 million euros (prior year: -6.9 million euros) on other comprehensive income. Taking into account expenses and income recognized through other comprehensive income, this results in total comprehensive income of 49.9 million euros (prior year: 263.6 million euros).

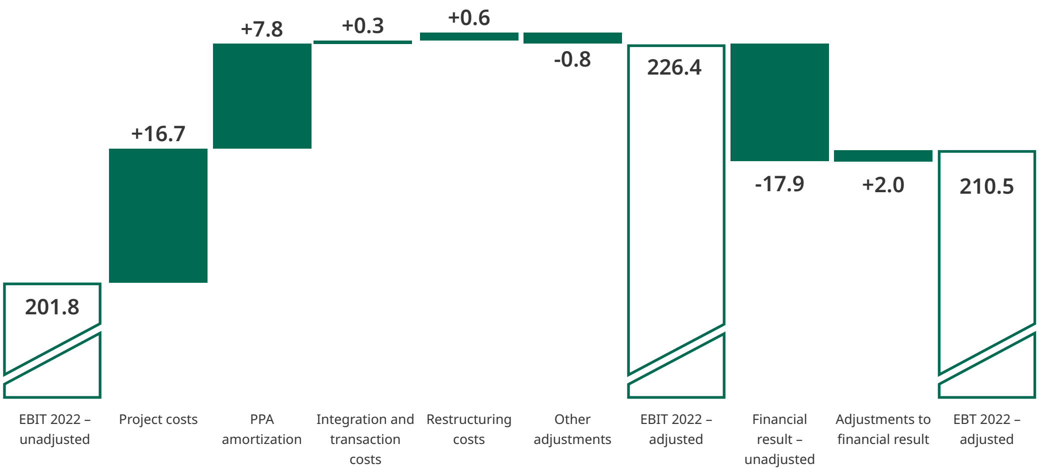
For the purpose of being able to compare the figures, EBIT and EBT for 2023 and 2022 were adjusted for the following non-operating factors that had a special effect:
- systematic amortization of intangible assets identified as part of a purchase price allocation (PPA amortization),
- project costs for the significant improvement of IT infrastructure, as well as for market entry into new countries or business segments,
- restructuring expenses, M&A costs, and integration costs,
- earnings from the sale of companies and individual items of tangible assets (property, plant, and equipment), as well as from the subsequent measurement of purchase price components (earn-out agreements) and from purchase price reimbursements,
- foreign currency effects arising from intercompany loans (effect on the financial result),
- special effects from the measurement of put-and-call options (effect on the financial result).

The adjusted EBIT of 255.3 million euros was well above the prior-year figure (226.4 million euros). In the financial year 2023, EBIT was mainly adjusted for project costs relating to the major improvement of the IT infrastructure and the market entry into new countries or business segments. It was also adjusted for extraordinary write-downs and transaction costs. The margin for adjusted EBIT went up slightly by 0.2 percentage points to 6.2% (prior year: 6.0%). The adjusted EBT stood at 237.9 million euros in the financial year (prior year: 210.5 million euros). This represents a margin of 5.8% (prior year: 5.5%).

Reconciliation: adjusted EBIT and EBT 2023
in € million



Reconciliation: adjusted EBIT and EBT 2022
in € million



Financial position

Financial management
The Group undertakes a range of financial management activities including cash and liquidity management as well as the management of market price risks (interest, currency) and credit default risks.

Cash management determines the required or surplus cash funds for all DEKRA entities. Timely account management ensures that the necessary funds for payments are available where they are needed, with the aim of keeping external investment and borrowing to a minimum.

Liquidity management ensures that all payment obligations of the entities in the DEKRA Group are always met. To this end, the liquidity planning determines cash flows from operating activities, secures foreseeable liquidity requirements at an early stage and invests surplus liquidity on the money market or deposits it in bank accounts.

Market price risk management has the task of limiting the impact of interest rate and currency fluctuations on the Group's earnings. For this purpose, the market price risks are determined and used as a basis for hedging decisions. Such decisions include the selection of hedging instruments, the volume to be hedged and the period to be covered.

The risk volume involved in the management of credit default risks includes investments in securities and the investment of liquid funds (cash and cash equivalents) at financial institutions as part of liquidity management, as well as the credit risk relating to end customers due to the granting and systematic monitoring of payment terms from trade.

Short-term investments of liquid funds (cash and cash equivalents) are only made at top-rated financial institutions and on the basis of current rankings by rating agencies, also taking into account current CDS spreads. We use commercial credit agencies to assess the creditworthiness of our customers, and in cases of doubt we insist on upfront payment or the provision of bank guarantees.

Capital investments
The net capital investments in tangible assets (property, plant and equipment) and intangible assets amounted to 138.0 million euros (prior year: 133.1 million euros). The Company invested mainly in land and buildings, technical and other equipment, factory and office equipment, as well as in intangible assets. Investments in subsidiaries and business units amounted to 50.0 million euros in the financial year (prior year: 6.9 million euros).

Liquidity analysis
The development of the DEKRA Group's liquidity is largely shaped by the decrease in taxes paid, higher investments in subsidiaries and other business units compared the prior year, and lower net borrowings.

The cash flows from operating activities went up by 54.6 million euros to 340.9 million euros (prior year: 286.3 million euros). Contributing factors here include the decrease in taxes paid, which amounted to 22.4 million euros, and the increase in write-downs and impairment losses, amounting to 13.2 million euros.

The cash flows from investing activities showed a cash outflow of 149.2 million euros (prior year: 154.3 million euros). The decrease is mainly attributable to higher proceeds from the sale of securities, amounting to 25.3 million euros, and the repayment of fixed-term deposits, amounting to 11.9 million euros. This was countered by the effect of the higher investments in subsidiaries and other business units, which – at 50.0 million euros – were higher than the prior-year figure of 6.9 million euros.

The cash flows from financing activities showed a cash outflow of 205.1 million euros (prior year: 223.8 million euros). This development is mainly attributable to lower cash outflows for the repayment of financial loans, amounting to 82.9 million euros (prior year: 104.7 million euros), and to the increase in loans taken out, amounting to 51.2 million euros (prior year: 29.8 million euros).

As a result, cash funds (consisting of cheques, cash on hand, bank balances and cash equivalents) went down by 17.6 million euros to 119.0 million euros (prior year: 136.5 million euros).

Net assets and capital structure
The balance sheet total increased by 70.0 million euros to 2,882.4 million euros in the financial year (prior year: 2,812.4 million euros).

Though non-current assets increased by 88.9 million euros to 1,937.4 million euros (prior year: 1,848.5 million euros), there was also a decrease of 18.9 million euros in current assets to 945.0 million euros (prior year: 963.9 million euros).

The increase in non-current assets is due to several factors. Tangible assets (property, plant and equipment) went up by 24.3 million euros to 508.6 million euros (prior year: 484.3 million euros), which is largely attributable to the increase in other equipment, furniture and fixtures, as well as advance payments on account and assets under construction. Furthermore, goodwill increased by 21.8 million euros to 652.5 million euros (prior year: 630.7 million euros).

The increase of 12.5 million euros in non-current financial assets to 108.9 million euros (prior year: 96.4 million euros) is primarily due to the increase in shareholdings in non-consolidated companies that are measured at their fair value in accordance with IFRS 9. Moreover, there was an increase of 18.5 million euros in deferred income tax assets, largely due to the remeasurement of pension obligations recognized through other comprehensive income.

The decrease of 18.9 million euros in current assets arises from multiple factors including the decrease of 17.5 million euros in cash and cash equivalents to 119.0 million euros (prior year: 136.5 million euros), as well as the decrease of 25.1 million euros in current securities to 0.9 million euros (prior year: 26.0 million euros) and the decrease of 13.1 million euros in receivables from the shareholder to 0.1 million euros (prior year: 13.2 million euros). These factors were countered by 32.6 million euros increase in trade receivables to 583.5 million euros (prior year: 550.9 million euros) and by the assets that were classified as held for sale for the first time in 2023 (13.1 million euros).

Equity decreased by 20.0 million euros to 1,133.5 million euros (prior year: 1,153.5 million euros). The profit transfer to DEKRA e.V., Stuttgart, of 94.8 million euros (prior year: 61.7 million euros) had a reducing effect, as did the remeasurement of pension obligations recognized through other comprehensive income and amounting to -61.6 million euros (prior year: +150.7 million euros). These factors were countered by the consolidated net income for the year of 122.4 million euros (prior year: 126.4 million euros) and the addition of 25.0 million euros to the capital reserves by DEKRA e.V., Stuttgart, (prior year: 10.0 million euros). The equity ratio thus went down to 39.3% compared to 41.0% in the previous year.

Non-current liabilities increased by 28.5 million euros to 685.9 million euros (prior year: 657.4 million euros). This results mainly from the following opposing factors. Provisions for pensions and similar obligations went up by 72.3 million euros due to an increase of 106.5 million euros in the present value of pension entitlements, together with a drop of 34.2 million euros in plan assets. There was a drop of 21.7 million euros in non-current bank liabilities to 64.2 million euros (prior year: 85.9 million euros). Furthermore, the reclassification of a purchase price liability from non-current to current liabilities, amounting to 18.5 million euros, and the decrease of 7.2 million euros in lease liabilities to 292.9 million euros (prior year: 300.1 million euros) led to a decrease in non-current financial liabilities. The current and non-current liabilities are mainly denominated in euros.

Current liabilities increased by 6.1% from 1,001.5 million euros to 1,063.0 million euros. This primarily results from the rise in other current liabilities.

The DEKRA Group requires sufficient liquidity scope for future capital investments, which is ensured by the promissory note loans taken out and by longer-term loan commitments. As of December 31, 2023, there are credit lines of 416.3 million euros (prior year: 413.8 million euros) granted in writing that have not yet been drawn.

Summary assessment of results of operations, financial position and net assets

In spite of the difficult worldwide economic environment, the results of operations of the DEKRA Group continued to be very robust in the financial year 2023. The development of sales and earnings surpassed expectations for the financial year. The net assets and financial position allow sufficient scope for the Group to pursue its goals.

Risk, Opportunities, and Forecast Report

Risk, Opportunities, and Forecast Report

Risk report

Integrated risk management process – structured handling of risks

DEKRA has established and expanded its strong risk management culture which forms the basis for management processes and an effective risk management system. This culture is evident in how Management and staff conduct themselves in the event of actual critical risk incidents, and also informs the fundamental procedure for handling risks in the Company's operating areas and strategic business areas. Creating and promoting an adequate awareness of risks (through training sessions, workshops) within the Group and throughout its entire organization makes it possible to detect and communicate risks at an early stage and to initiate prompt action.

The risk management system as an integral part of the Group's corporate governance has proved its worth and is continuously undergoing further development (gross-net evaluation, training sessions). Its integration into management processes and day-to-day business, together with action control (the control of measures) and ad-hoc reporting, are key components of the process. Risks relating to sustainability and climate change are also examined and taken into account when carrying out the risk inventory.

To be able to guarantee the effectiveness of the internal control and risk management systems, the Group continuously further develops its risk management through monitoring and improvement processes. This process is continuously adapted in response to changes in legal and economic conditions, taking into account internal and external requirements. DEKRA consults the IDW Auditing Standard PS 981 as a guide for the current standards and for compliance with generally accepted standards for risk management systems. DEKRA follows the IDW Auditing Standard PS 340 for the early detection of risks within the framework of the risk management system. The resulting findings are reported to DEKRA's Management Board (on a monthly basis) and to its Advisory Board and Supervisory Board (on an annual basis). The integrated risk management process consists of the following three sub-processes:

Risk management process

- Ad-hoc
- Strategic
- Short-term/medium-term

The risk inventory for short-term/medium-term risks and operational risks is performed for a multi-year period (the current financial year and two subsequent years). For each operational risk, the possible consequences are pointed out for the current and the two subsequent years, if applicable and appropriate. Strategic risks and opportunities of a cumulative nature are recorded in a separate risk inventory which considers long-term risks that have a time frame of four or more years. The Management Board attaches great importance to strategic risks because these can also represent major opportunities.

Risks are defined as a negative deviation from the defined planning figures. If risks have already been recorded in the planning or in the forecast for the current year, they are not included in the risk inventories. Internal ad-hoc risk management – involving a reconciliation with the forecasting process for particularly urgent matters – is an instrument that is used as a means of communication and control within the DEKRA Group.

Moreover, regular controls take place, as well as review and adjustment of the effectiveness of measures. Additionally, we continuously reconcile all of this with the Company's risk appetite and risk-bearing capacity. Risk appetite is defined as a basic willingness to take risks in order to achieve the desired goals and gains. Based on this – and taking the corporate strategy into account – the Group lays down its level of risk tolerance for the risk management system. This is the maximum tolerated deviation from the intended objective. This can be carried out by stating quantitative materiality thresholds or qualitative criteria and can be measured in line with the achievement of objectives.

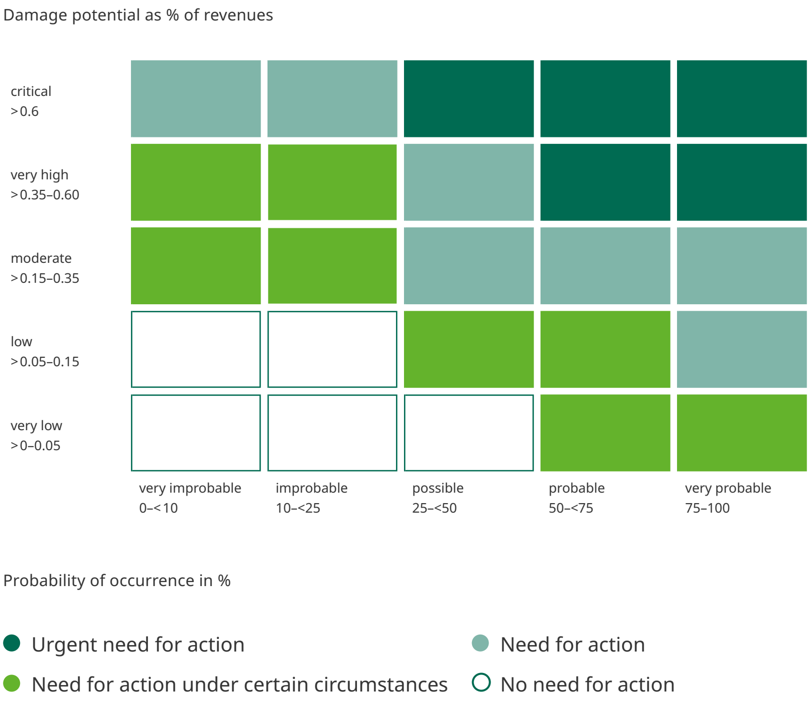
The Company's risk-bearing capacity functions as the starting point for calculating the risk appetite and risk tolerance of the risk management system. The risk-bearing capacity means the maximum degree of risk that a company can take without jeopardizing its continued existence as a going concern (according to IDW Auditing Standard PS 340). It depends on a company's economic situation, size and potential for raising capital. DEKRA calculates the risk-bearing capacity on an individual and detailed basis at company level, at national and regional level, and at Group level. This provides a comparison of the overall risk with the financial resources available to cover risks (the so-called cover pool), meaning the economic capacity of the Company's net assets, financial position and results of operations that serves to limit the impact of risks if they occur. A strong equity base, sophisticated business models, a broadly structured portfolio, dividend payout policies and a solid financing structure all serve to safeguard a company's risk-bearing capacity.

The risk inventories and the ad-hoc reports are a key component of the action management and action control by the Management Board and the responsible managerial levels. This is the basis on which the Management Board conducts qualitative and quantitative risk management. Risk management encompasses the avoidance of risks, risk mitigation, the sharing or transfer of risks, and risk acceptance.

The process also covers the DEKRA matrix of Regions and Service Divisions as well as its Steering & Support functions, so that potential risks with a need for action can be identified, processed and controlled at the affected levels. The risk management process is used in day-to-day business for all processes of the internal control system and the cash and performance management system. Here, too, the focus is on the course of action (measures) and action control, as well as on managing opportunities in alignment with the Company's risk appetite, risk-bearing capacity and business development. Business development is an important component based on corporate strategy with regard to the implementation/realization of opportunities and the reduction of risks within the framework of action control.

The key figure for operational risks is the expected damage figure. The expected damage figure (gross) for individual risks is calculated by combining the likelihood of risks actually occurring and the damage potential for the financial year concerned. This process of quantifying risks is carried out at local company level, and there is no such process beyond that at Group level.

Categorization of risks



Qualitative risks are taken into consideration, particularly in the field of quality management, internal audit and sustainability management. The possible impact on the achievement of corporate strategic goals and on DEKRA's reputation is also taken into account here.

In the current financial year the Company newly implemented a qualitative assessment of risks for assessing corporate strategy risks. In workshops involving the Regions and Service Divisions, all divisions analysed their central risks, both individually and in relation to each other, and allocated these risks to pre-defined categories. Moreover, they worked on suitable risk mitigation measures. The results of these assessments form the basis for managing and monitoring long-term risks, which is why their findings are matched with the Group strategy and considered on an ongoing basis.

The Management Board and also the responsible managerial levels are regularly informed about the current risk situation, any changes to it, and any countermeasures. On this basis, risks, opportunities and countermeasures are controlled in qualitative and quantitative terms by the Management Board, and the effectiveness of the course of action is reviewed. This action control ensures that the management of risks, in terms of how they are mitigated and handled, is a permanently ongoing process. Additionally, the situation is reconciled at regular intervals with business development (investment management) as a central component of opportunities management.

The findings from the risk management process are incorporated into the controlling, reporting and budget process. Via the IT-based risk management system and the digital dashboard, the data is at all times accessible to all of the people who are actively involved. This automated process greatly enhances the visibility of the existing risks, their perception and their relevance, with swift access to the relevant data guaranteed at all times. Each of the risk management system's three sub-processes is now available in the form of a digital dashboard, which makes it possible to ensure ongoing risk control, communication and monitoring.

Below, we present the risks existing at balance sheet date which have an associated need for action. Taking into account the risks recorded in the planning process, on the whole the overall potential risk exposure has remained stable in relation to the prior year and is manageable in light of the existing and initiated measures. These measures are recorded separately according to their effectiveness and are tracked in the action control system.

A transparent presentation and ongoing monitoring of the risks and measures laid down in the risk inventory ensure that manageable risks can be entered into. The prerequisites for bearing such risks are DEKRA's risk appetite, risk tolerance and risk-bearing capacity.

The financial impact of the risks reported by its local entities and the Group's risk-bearing capacity are analyzed regularly. Furthermore, the countermeasures introduced are reviewed for their effectiveness and adjusted if necessary. The Group's risk-bearing capacity is ensured against the background of its overall risk scope, coverage potential, dividend policy, liquidity, rating and creditworthiness. Based on the reported risks and the measures that are in place, the impact is manageable.

Operational risks

Potential future developments or events are considered to be operational risks if, with regard to business activities, they could lead to a negative or positive deviation from the operational objectives derived from the Company's strategic goals.

Disruptive technologies – particularly in the field of classic vehicle inspections – constitute an operational risk which is currently deemed critical and requiring urgent action. To overcome this risk we are implementing measures including the introduction of new technologies, and making investments in product development with respect to vehicle inspections.

Political, regulatory and economic conditions are very important to DEKRA's success as an expert organization with global operations. Changes in the business environment may give rise to sales and earnings risks. At the present moment in time these risks are deemed to be moderate (with a need for action). As such DEKRA closely and continuously monitors markets, sectors and globally changing circumstances – with particular consideration of whether and how the development of technology could cast doubt on existing business models.

The intense competition and changing technologies in the Vehicle Inspection division nonetheless give rise to a moderate risk (with a need for action) because price rises can only be passed onto customers to a limited extent. DEKRA lowers this risk by constantly improving productivity through optimized processes and new technologies to ensure more road safety and fewer road fatalities.

The delivery of services in the Advisory & Training Services and Temp Work divisions is particularly dependent on the economic climate. In both of these Service Divisions, sales and earnings may be affected by fluctuations in orders caused by general economic developments. This risk became evident in the past year, particularly in the GSA and the Central East Europe & Middle East Regions. In response, DEKRA is resolutely countering these risks, which it classifies as moderate (under certain circumstances with a need for action), by tapping into new markets, broadening its service portfolio and offering customized services. New statutory regulations may lead to moderate risks (under certain circumstances with a need for action) in the Temp Work division. DEKRA is responding to regulatory interventions in the employee leasing markets by building up its business with key accounts and investing in its position as a provider of quality.

The business with automotive services is fundamentally exposed to the regulatory risk of changes in the law. These would potentially affect the following Regions most of all: GSA, South-West Europe, North-West Europe and Central East Europe & Middle East. At the present moment in time, this risk is deemed to be low (under certain circumstances with a need for action).

Expectations with respect to the economy also determine how willing DEKRA's industrial customers are to invest. In the event of actual or suspected economic uncertainty, there is an increased risk of order numbers falling. This affects the services in the Digital & Product Solutions and Industrial Inspection divisions, for example, and the Regions of North-West Europe, GSA, APAC and the Americas. In terms of the likelihood of this risk actually occurring and the associated potential damage, this risk is classified as low, with a need for action under certain circumstances. To counter this risk, DEKRA is expanding its service portfolio and further globalizing its business.

In some isolated cases, there were also inflation risks which are implicitly included in the risks reported. Based on current developments, however, other non-quantified short-term and medium-term inflation risks can be seen which also relate to the subsequent years 2024 and 2025 and which may constitute a major portion of the Group's overall risks.

With a view to current developments worldwide, the Management Board believes that it is possible the geopolitical situation could worsen further, causing risk exposure to be higher than the risk potential of 4.4 million euros that the local companies reported for 2024. At present, it is not possible to make a financial estimation about the further-reaching potential of geopolitical risks.

For the year 2024, leading institutions and economists predict that the German economy will shrink. Furthermore, there is a fundamental danger that some of the markets in which DEKRA operates will experience an economic downturn or recession. DEKRA constantly keeps its eye on current developments and takes them into account in its actions and decisions. It seeks to counter the associated risk by making targeted investments. To conclude, at the moment it is not possible to give an all-encompassing quantified assessment of the risks of recession, given the current backdrop of interest rate policies, inflation, and geopolitical implications.

The currently most relevant operational risk exposure reported by the Group's local entities concerns business environment & sector risks and/or market risks and macro-environmental risks. Currently, the risk categories below are regarded as the greatest risk exposures for DEKRA's EBIT and are listed together with their theoretically expected damage figures. (No further-reaching quantified assessment of risks is performed at Group level.)

- Amendments to European regulations in particular (4.5 million euros; prior year: 4.5 million euros)
- Disruptive technologies (general inspections, expert appraisal reports) (34.3 million euros; prior year: 25.0 million euros)
- Competition risks (8.0 million euros; prior year: 8.0 million euros)
- Shortage of skilled workers (7.8 million euros; prior year: 5.0 million euros).
- Price and inflation risks (31.9 million euros; prior year: 34.8 million euros)
- General economic risks, energy supplies (0.0 million euros; prior year: 2.5 million euros)
- Impact of pandemics (4.7 million euros; prior year: 25.0 million euros)
- IT and cybersecurity risks (2.4 million euros; prior year: 2.4 million euros)
- Geopolitical crises and supply chain difficulties (4.4 million euros; prior year: 4.4 million euros)
- Sundry operational risks (5.0 million euros; prior year: 0.0 million euros)

On the whole, the risks with a need for action add up to a total theoretical expected damage figure of 103.0 million euros in 2023 (prior year: 111.6 million euros). The decrease from the previous year is primarily because there are fewer risks relating to the implications of pandemics (COVID-19). On the other hand, there is an increase in risks relating to disruptive technologies. Disruptive technologies and new competitors increasingly pose strategic risks, though they also present significant opportunities. We have initiated appropriate measures (action control system, workshops).

According to our assessment, the overall risk situation with regard to the operational risks in relation to the year-end net result, EBIT and operating cash flows falls within an entrepreneurial risk framework that is normal for DEKRA. It is reviewed regularly and reconciled with the Company's risk appetite, courses of action, projects and planning, as well as its risk-bearing capacity. From the Management Board's point of view, the Company's long-term existence is safeguarded through strong, sustainable, performance-oriented and cash-flow-based corporate management. The action control that is part of the risk management system is integrated into the day-to-day business and the processes of the internal control systems.

The risk structure (risk profile) of the coming years and the spread of risks over the years from 2023 through to 2025 – including in comparison with the assessment from the prior-year period – is stable and manageable, given the existing and initiated measures. These measures are recorded separately according to their effectiveness and are tracked in the action control system.

Corporate strategy risks

Potential future developments or events are considered to be corporate strategy risks if they could lead to a negative or positive deviation from the Company's defined strategic goals. Accumulative opportunities and risks can simultaneously have a positive and negative effect on different Regions and/or Service Divisions.

With its organizational model "TOM 2020" (six Regions, seven Service Divisions and Steering & Support functions), DEKRA is able to make even better use of growth opportunities. Based on the operational risk assessment, which mainly reflects the short-term and medium-term risk inventory for the current financial year and the two subsequent years, the corporate strategy risk inventory is carried out (in the long term; time frame of four or more years subsequent to the risk inventory cut-off date) with an accumulative impact at the regional level and/or the Service Division level.

The most relevant corporate strategy risk exposure continues to be in market risks. Moreover, other notable risks in this respect relate to regulatory amendments, whereas in the previous year there were still increased risks inherent in the services/product life cycle/commodity segments. The corporate strategy risks are categorized as follows:

- Digitalization/Data access/Artificial intelligence
- New technologies
- New competitors
- Services/Product life cycle/Commodity
- Regulatory changes
- Markets

The introduction of the new qualitative assessment of corporate strategy risks and workshops for the Regions and Service Divisions facilitates even better and more purposeful collaboration between the different divisions. It also includes jointly developing and drafting measures relating to the corresponding risks.

When performing the qualitative assessment of risks, the Regions and Service Divisions classify these in terms of "low", "moderate", "high" or "critical". The findings are aggregated and serve as a basis for strategic decision-making and the long-term focus of the Group.

The corporate strategy risks in the field of digitalization in particular were identified as being critical throughout the various Regions and Service Divisions. In the realm of strategic risks, just as in the case of operational risks, business relating to automotive services is fundamentally exposed to the regulatory risk of changes in the law. This risk, which is most relevant to the GSA Region and also the Service Divisions of Claims & Expertise and Vehicle Inspection, was classified as critical. Given the importance of these business divisions and their respective size within the Group, the Management Board has attached a high level of significance to these strategic risks; also because they can present considerable opportunities. Appropriate action (development of innovative services, strengthening of the project portfolio) has been initiated and will be continuously expanded and monitored. We regularly reconcile this with the Group's strategy process and the Service Divisions' projects.

The legal framework conditions in non-European countries differ from the conditions in Germany and Europe. As a result, the ongoing globalization of business carries liability risks and risks to the Group's reputation (as a component of competition risks). That is why DEKRA is constantly working to enhance its risk and compliance management activities. This includes responding to changing circumstances by making continual adjustments to the liability protection provided by insurance policies.

The risk that our increased focus on internal networking and greater proximity to the customer could fail is seen to be an ever-present issue these days and as such is perceived as a risk. This assessment is based on the project management surrounding the introduction of the organizational model which has, in DEKRA's view, proven its value.

DEKRA is also continuing its policy of organic growth supplemented by targeted acquisitions. Making strategic acquisitions enables DEKRA to broaden its base in terms of both expertise and geography. However, the integration of acquired companies can fail or be delayed. It can happen that budgets are not met, and synergy effects remain unfulfilled. The organizational model for the Regions means that such risks can be tackled and mitigated with adequate focus.

The strategic risk report also covers, to a large degree, the topic areas arising from strategic opportunities. These opportunities are reviewed on a regular basis and reconciled with the business development (investment management) because – taking the related measures into account – they can have a negative or positive impact (opportunity).

Overall, DEKRA counters corporate strategy risks through project, performance and integration management. The Group regularly reconciles these with its Strategy 2025 which sets out the strategic focus.

In DEKRA's view all strategic risks are currently manageable in light of the corresponding measures and investments as well as the ongoing and planned business development projects; otherwise they also constitute opportunities from the Group's point of view. The sum total of all the strategic risks does not endanger the Group's continued existence as a going concern.

Below we present a summary of selected operational and corporate strategy risks.

Economic performance risks

Accreditations and official authorizations are important factors on which DEKRA's success depends. Risk management is of key importance in this regard. With its internal control system for safeguarding service quality and by means of insurance policies already in place, DEKRA reduces risks that may arise in terms of liability for its testing, expert appraisal reports, certifications and seals. Moreover, risks arising from missing or amended official authorizations are identified by continuously reviewing the sector's standards and the law. By doing this we are able to identify legal changes and amendments to normative standards at an early stage, and to make prompt adjustments to DEKRA's services. A particularly important consideration in this context is that it often takes time and effort for employees to obtain the appropriate qualifications; the necessary technical equipment also needs to be planned and provided in a timely manner.

In Germany, national requirements for the general inspection of vehicles stipulate that testing and measuring equipment must be regularly gauged, calibrated and unit-tested in accordance with various different standards. There must be proof that the services to be audited by DAkkS [a German accreditation organization] are consistently in conformity with ISO. This applies equally to calibrations and information provided by car repair garages.

DEKRA has sufficiently developed all the necessary calibration processes to the extent that their accreditation by DAkkS has been successfully concluded. The measures needed for further adjustments to the accredited calibration processes and for the full implementation thereof have been initiated.

One element in identifying and assessing accreditation risks, internal process risks and risks arising from monitoring the compliance of internal basic processes on a worldwide scale is the control self-assessment process. This is carried out along with the risk management surveys, resulting in the aforementioned risk inventory which summarizes and evaluates internal process risks and market risks.

Thanks to its extensive precautionary and risk mitigation measures, DEKRA believes that it is well equipped to deal with the risk of accreditation-based authorizations being revoked.

Personnel risks

The ongoing digitalization and globalization of the workplace, demographic change, political and economic events, rising inflation, and the energy crisis are all factors that continue to influence the manner in which companies operate, DEKRA included. In terms of human resources, this gives rise to the following risks: Firstly, the increasing shortage of skilled workers (we refer to the summary of risk categories for an assessment of this as a component of operational risks) and the connected problem of finding qualified staff. Additionally, the challenge of retaining existing employees at the Company and ensuring their further advancement. DEKRA's workforce is our most important asset, because it is made up of the people who deliver the services that we offer to customers worldwide. Their expertise is key to the success of our Company. On that basis, strengthening our workforce is the key issue at the centre of our HR strategy. In the medium and long term we will therefore be concentrating on the following strategic topics: Corporate Culture, Leadership, Talent Management, Employee Experience, Digitalization, Operational Excellence, and Structure & Foundations.

In doing so, we not only address precisely those topics that are of interest and relevance to our employees, but – looking outwards too – we also strengthen our brand as an employer. More and more importance will be placed on continually focussing on establishing a common and uniform employer brand for the Company, so that in future too, it continues to be perceived as an appealing employer on the job market. In 2022, we already took the first steps in the HR transformation process to establish worldwide a uniform corporate structure in our HR organization. We continued on this journey with great success in 2023. We had already established the basis for a global HR organizational structure by appointing a global interim HR leadership team as well as establishing a Center of Excellence (CoE) and global HR operations.

By analyzing the reasons why staff members hand in their notice, we aim to help counteract local fluctuations and support the individual national subsidiaries in recruiting qualified staff. We will continue to invest in creating an appealing employer brand under the skilled leadership of the Global Talent Acquisition unit. With the introduction of "evolve Performance Management" (ePM), we are supporting dialogue between employees and managerial staff and also helping them to develop performance-based thinking. Building on this, in 2023 we successfully introduced an "Organisational Talent Review" (OTR) process to purposefully identify key positions, talents and people with high potential in the Company who can then be nurtured and helped to advance further. These measures contribute towards our employees' individual career development, thus serving to retain talent within the Company.

Moreover, we also invest in the continuous further advancement of our managerial staff, who are critical in shaping the corporate culture of our Company. According to studies, they have a seventy percent influence on employees' commitment and the retention of staff. For that reason, this year we carried out a feedback process and standardized assessments for all managerial staff, together with training measures to support the concept of a high-performance culture. The fourth global engagement survey, recently conducted throughout the entire organization shows that our measures are leading to improvements in the whole Company.

IT risks

We devise appropriate countermeasures to deal with the existing IT risks (we refer to the summary of risk categories for an assessment of these as a component of operational risks). As the first line of defence, in our operations we respond promptly and purposefully to current events and political situations that may pose a threat. The operational safeguarding of our day-to-day business is ensured by the Command & Control Center, an IT crisis center which operates 24/7. This is supplemented by the provision of automated assessment of operational risks and the proactive designing of countermeasures.

In the current challenging environment, information security and cybersecurity are a mainstay for a company like DEKRA that operates in more than sixty different countries. Moreover, employee awareness is a key issue for information security and cybersecurity; we organized training courses to meet that need. To raise our employees' awareness, we additionally staged a "Cyber Month" in October 2023, as well as global phishing campaigns.

A greater number of attacks was recorded this year – not only involving the traditional methods, but also using new methods such as QR code phishing. Because of the technical measures already in place and the high level of employee awareness, we were able to counteract these attacks. Our global cyber defence team uncovers, analyzes and monitors potential weaknesses and works together with the relevant services or system owners to promptly remedy such vulnerabilities. DEKRA has taken action to counteract any threats.

Once again, DEKRA SE successfully passed the Trusted Information Security Assessment Exchange (TISAX) audit. The TISAX label shows that DEKRA is – and will remain – a reliable business partner. In addition, this year DEKRA SE also successfully passed the internationally recognized ISO 27001:2022 certification audit.

Financial business risks

DEKRA protects itself against the risk of bad debts and late payments by means of active customer and contract management, global key account management and careful credit rating checks. As most of DEKRA's transactions are concluded in euros, the exchange rate risk is low (under certain circumstances with a need for action). The Group's borrowings primarily constitute bank loans and promissory note loans taken out and loan commitments from banks.

Collateral and guarantees have been granted in the amount of 16,980 thousand euros (prior year: 7,813 thousand euros). The risk of a claim being made on these is currently deemed to be low (under certain circumstances with a need for action). If a claim is made on the guarantees, they fall due immediately.

The liquidity scope required for the operating business is secured by means of liquid funds (cash and cash equivalents) and through lines of credit committed to DEKRA SE by banks. The central cash pool is used to control the liquidity and supply of the national – and increasingly also the international – subsidiaries. This results in a transparency which prevents potential risks. Short-term investments of liquid funds (cash and cash equivalents) are only made at top-rated financial institutions and on the basis of current rankings by rating agencies, also taking into account current credit default swap spreads.

The risk of DEKRA in future being unable to fulfill its payment obligations arising from financial instruments is also classed as low (under certain circumstances with a need for action).

Overall assessment of the Management Board concerning risks to the Group's ability to continue as a going concern

Increasingly, there are significant risks but also opportunities inherent in new technologies and growing digitalization; against this backdrop there is also always a risk of new competitors emerging. This development was accelerated by the impact of the COVID-19 pandemic. In response, as well as adjustments to the processes and cost structures, measures to be implemented include the associated necessary adjustments to the business models/business divisions and the connected investments.

The risk structure, as well as the risk profile and the spread of risks at the individual companies and in the Group, are stable and limited by the defined measures. The Group has a capacity to bear risk. The extent of this capacity is regularly reviewed in the context of its risk appetite and business development (investment management).

The risks are currently manageable on the basis of the projects, measures and investments (business development) that have been initiated and planned, and in light of the opportunities available to DEKRA. The Management Board deems the sum total of all risks to be justifiable in relation to equity and financial strength, against the background of the Group's risk appetite. On the grounds of the Company's strong equity, its sophisticated business models, the broad spread of its portfolio, its dividend policy and its solid financing structure, the sum total of the individual risks does not endanger the ability of DEKRA to continue as a going concern.

Opportunities report

Business environment and sector opportunities

The TIC (Testing, Inspection, Certification) sector continues to develop at a fast pace thanks to digital innovations and a heightened awareness of climate change. New technologies are transforming traditional models and are improving the provision of services, quality assurance and the fulfillment of compliance standards. The industry is striving towards CO_2 neutrality and is gearing its business models towards sustainability. Moreover, the concepts of Industry 4.0 and Society 5.0 present opportunities but also pose ethical and social challenges. These trends, coupled with stricter regulatory standards and a greater political focus on sustainable practices, are the factors behind the TIC sector's expansion. The high expectations of safety that consumers have of their technology-based and data-assisted undertakings open up entirely new growth opportunities for the TIC sector on a worldwide scale.

Positioning in the future markets of **automotive, cybersecurity, AI** as well as **sustainability.**

DEKRA is in a good position to benefit from this transition and is concentrating on growth sectors such as future mobility, cybersecurity and AI, as well as sustainability. These sectors represent more than just the transition which is happening in the economy and in society; based on developments such as virtual reality, blockchain and intelligent sensors, they will also determine new testing, inspection and certification protocols, thereby defining the digital TIC landscape of the future.

Drawing on almost one hundred years of experience in vehicle inspection, DEKRA is well-positioned for the task of ensuring safety in a world of increasingly connected and intelligent mobility. Our Company, which is designated as an official Technical Service Office by Germany's Federal Motor Vehicle Office [in German: Kraftfahrtbundesamt] has already gained a foothold in the automotive cybersecurity market of the future, with a focus on connected and automated driving.

In the consumer goods markets, technologies such as 5G and the Internet of Things (IoT) are heightening the requirements for cybersecurity. DEKRA meets this challenge with its customized services, and has already launched the first generation of testing services to ensure the safety and security of AI solutions, thereby positioning itself for growth in this sector.

Ever since DEKRA defined sustainability as a core business area, the Company has been geared towards ESG (environmental, social and corporate governance) criteria and in this area has an offering which includes sustainability assessments and certifications.

Information technology opportunities

DEKRA is aware that digital technology has a crucial role in the redefinition of the traditional paradigms in the TIC sector. On the basis of innovation and top-quality services, the Company perceives opportunities for achieving greater customer satisfaction and growth, on the grounds that the strategic focus on digital processes and services improves the quality of services and reduces operating costs.

DEKRA offers its services with the goal of ensuring safety, security and quality in a world in which technology is constantly evolving further. With the help of our Company, customers can not only adapt to a digital future but can also benefit from a business environment in which technology coexists with safety and security.

Corporate strategy opportunities

DEKRA endeavours to continually enhance its services in order to meet the changing needs of its customers and stay one step ahead of its competitors. Future mobility, sustainability and cybersecurity are among the key factors presenting strategic opportunities. They are interconnected and they are all associated with the digitalization and transformation of the global economy. A further opportunity can be found in building on interdisciplinary technologies such as artificial intelligence and remote technology, which are gaining significance in all service sectors. We see growing demand in these areas and perceive potential for dynamically strengthening our global market position by carefully adapting to the needs of selected regional markets.

Global partner for a safe and sustainable world by

2025

Forecast report

Weaker growth

With regard to the world economy, no new growth impetus is expected in 2024. Against the backdrop of wars and economic crises, the International Monetary Fund (IMF) anticipates that global gross domestic product will grow by 3.1% (prior year: 3.1%). While growth of 4.1% is expected in the developing and emerging countries, the euro zone is expected to see growth of 0.9% and the USA 2.1%. India and China are likely to record the strongest growth (6.5% and 4.6% respectively).

In view of DEKRA's good position in existing and future markets, the Group expects that its growth trend will continue. Revenue is expected to increase at a mid-single-digit rate in financial year 2024. Growth will primarily be of an organic nature, supplemented by selective takeovers. Furthermore, a moderate increase in EBIT is expected for 2024. To achieve this, DEKRA will further expand its activities in business sectors that have greater potential for returns, will exploit synergies within and between its divisions, and will continue to optimize the global structures and processes sales, in the Service Divisions and its Steering & Support functions.

The continuing positive development of the Company in spite of the challenging environment confirms that we – the workforce and the Management Board alike – are on the right path with our "Vision 2025": By 2025, when DEKRA celebrates its centenary year, we intend to have extensively digitalized our service portfolio and to be the global partner for a safe, secure and sustainable world.

Stuttgart, March 28, 2024
DEKRA SE
The Management Board

Zurkiewicz, Chairman	Finke	Laursen	Linsenmaier

Consolidated Financial Statements

DEKRA SE
Consolidated Statement of Comprehensive Income for the Financial Year 2023

in € thousand	Note	2023	2022
Revenues	5.1	4,101,442	3,796,536
Increase in work in process		1,220	1,110
Own work capitalized		9,406	9,698
Other operating income	5.2	47,353	47,141
Cost of materials	5.3	-383,299	-350,846
Personnel expenses	5.4	-2,718,397	-2,550,253
Other operating expenses	5.5	-619,596	-547,521
Amortization/depreciation of intangible assets, right-of-use assets and tangible assets (property, plant & equipment)	5.6	-218,701	-204,075
Profit/loss from financial assets measured at equity	5.7	-53	-377
Interest income	5.7	17,276	14,957
Interest expense	5.7	-39,090	-28,923
Other financial result	5.7	-1,285	-3,537
Financial result	**5.7**	**-23,152**	**-17,880**
Earnings before taxes		**196,276**	**183,910**
Taxes on income	5.8	-73,853	-57,471
Net income for the year	**5.9**	**122,423**	**126,439**
thereof, attributable to owners of DEKRA SE	6.12	120,196	123,841
thereof, attributable to non-controlling interests	6.13	2,227	2,598
Net gain/loss on reserve for			
hedging instruments measured at fair value through other comprehensive income	6.16	0	20
deferred taxes recognized through other comprehensive income	5.8	0	-7
Difference arising from foreign currency translation	5.9	-11,289	-6,674
Items that may possibly be subsequently reclassified to profit or loss		-11,289	-6,661
Net gain/loss on reserve for			
remeasurement of defined-benefit pension plans	6.14	-87,911	214,602
equity instruments measured at fair value through other comprehensive income	6.5	358	-6,922
deferred taxes recognized through other comprehensive income	5.8	26,314	-63,903
Items that will not be subsequently reclassified to profit or loss		-61,239	143,777
Other comprehensive income		**-72,528**	**137,116**
Total comprehensive income		**49,895**	**263,555**
thereof attributable to			
owners of DEKRA SE		47,668	260,957
non-controlling interests		2,227	2,598

DEKRA SE
Consolidated Balance Sheet as of December 31, 2023

Assets

in € thousand	Note	Dec. 31, 2023	Dec. 31, 2022
Non-current assets			
Intangible assets	6.1/6.2	801,990	767,400
Right-of-use assets	8.1	398,247	400,024
Tangible assets (property, plant & equipment)	6.3	508,579	484,319
Financial assets measured at equity	6.4	19,554	18,317
Other non-current financial assets	6.5	89,309	78,070
Other non-current assets	6.6	10,462	9,474
Deferred income tax assets	5.8	109,343	90,860
		1,937,484	**1,848,464**
Current assets			
Inventories	6.7	14,020	10,819
Contract assets	6.8	73,718	70,459
Trade receivables	6.8	583,492	550,918
Other current financial assets	6.9	82,600	139,217
Other current assets	6.10	51,463	43,834
Current income tax receivables	5.8	7,640	12,111
Cash and cash equivalents	6.11	118,964	136,529
		931,897	**963,887**
Assets held for sale	4.	13,068	0
Total assets		**2,882,449**	**2,812,351**

Equity and liabilities

in € thousand	Note	Dec. 31, 2023	Dec. 31, 2022
Equity			
Subscribed capital	6.12	25,565	25,565
Capital reserve	6.12	655,529	630,529
Revenue reserves	6.12	630,460	605,078
Accumulated other comprehensive income	6.12	-196,543	-124,076
Total equity of the owner		**1,115,011**	**1,137,096**
Non-controlling interests	6.13	18,490	16,367
		1,133,501	**1,153,463**
Liabilities			
Non-current liabilities			
Provisions for pensions and similar obligations	6.14	271,848	199,578
Other non-current provisions	6.15	26,610	27,159
Non-current financial liabilities	6.16	360,623	404,527
Other non-current liabilities	6.18	1,331	1,247
Deferred income tax liabilities	5.8	25,520	24,899
		685,932	**657,410**
Current liabilities			
Other current provisions	6.15	13,389	25,413
Trade payables	6.17	124,554	133,900
Contract liabilities	6.17	57,959	55,872
Current financial liabilities	6.16	383,826	352,762
Other current liabilities	6.18	469,863	428,744
Current income tax liabilities	5.8	11,491	4,787
		1,061,082	**1,001,478**
Liabilities held for sale	4.	1,934	0
Total liabilities		**1,748,948**	**1,658,888**
Total equity and liabilities		**2,882,449**	**2,812,351**

DEKRA SE, Stuttgart, Consolidated Statement of Changes in Equity 2023

				Accumulated other comprehensive income				Equity		Group equity
in € thousand	Subscribed capital	Capital reserve	Revenue reserves	Translation reserve	Equity instruments measured at fair value through other comprehensive income	Hedging instruments measured at fair value through other comprehensive income	Remeasurement of defined-benefit pension plans	**Total equity of owners**	Non-controlling interests	
As of Dec. 31, 2021	**25,565**	**620,529**	**552,368**	**-7,546**	**22,588**	**-13**	**-285,958**	**927,533**	**15,290**	**942,823**
Profit/loss transfer agreement/dividend distribution			-61,678					-61,678	-952	-62,630
Capital increase		10,000						10,000		10,000
Other changes								0	-569	-569
Changes to the consolidated group			284					284		284
Disposal of equity instruments measured at fair value through other comprehensive income			-9,737		9,737			0		0
Consolidated net income for the year			123,841					123,841	2,598	126,439
Other comprehensive income for the period				-6,674	-6,922	13	150,699	137,116		137,116
Total comprehensive income	**0**	**0**	**123,841**	**-6,674**	**-6,922**	**13**	**150,699**	**260,957**	**2,598**	**263,555**
As of Dec. 31, 2022	**25,565**	**630,529**	**605,078**	**-14,220**	**25,403**	**0**	**-135,259**	**1,137,096**	**16,367**	**1,153,463**
Profit/loss transfer agreement/dividend distribution			-94,791					-94,791	-146	-94,937
Capital increase		25,000						25,000		25,000
Other changes								0	-741	-741
Changes to the consolidated group			77	-2				75		75
Acquisition of non-controlling interests			-41	4				**-37**	783	**746**
Disposal of equity instruments measured at fair value through other comprehensive income			-59		59			0		0
Consolidated net income for the year			120,196					120,196	2,227	122,423
Other comprehensive income for the period				-11,289	358	0	-61,597	-72,528		-72,528
Total comprehensive income	**0**	**0**	**120,196**	**-11,289**	**358**	**0**	**-61,597**	**47,668**	**2,227**	**49,895**
As of Dec. 31, 2023	**25,565**	**655,529**	**630,460**	**-25,507**	**25,820**	**0**	**-196,856**	**1,115,011**	**18,490**	**1,133,501**

For further explanations, please refer to note 6.12 in the Notes to the Consolidated Financial Statements

DEKRA SE, Stuttgart, Consolidated Statement of Cash Flows

Operating activities

in € thousand	Note	2023	2022
Consolidated net income for the year		122,423	126,439
Depreciation/amortization/impairment losses/reversal of impairments on assets	5.7/6.1/6.3/8.1	222,903	209,717
Gain/loss from the disposal of financial assets, intangible assets and tangible assets (property, plant and equipment)		3,725	-4,129
Interest income/expenses and dividends		3,756	-499
Tax expense	5.8	74,168	61,303
Change in non-current provisions		-16,212	-21,226
Other non-cash-effective expenses/income		2,774	4,940
Change in inventories, receivables and other assets		-42,070	-88,483
Change in liabilities and current provisions		8,835	60,433
Profit or loss from associated companies	5.7	-225	377
Interest received		13,052	9,754
Taxes paid		-52,940	-75,358
Tax refunds		576	844
Dividends received	5.7	162	2,167
Cash flow from operating activities		**340,927**	**286,279**

Investing activities

in € thousand	Note	2023	2022
Cash paid for investments in			
intangible assets and tangible assets (property, plant and equipment)	6.1/6.3	-143,457	-143,230
financial assets and other assets	6.5/6.6/6.9	-8,576	-25,793
subsidiaries and other business entities	7	-50,042	-6,948
Cash received from disposals of			
intangible assets and tangible assets (property, plant and equipment)	6.1/6.3	5,410	10,117
financial assets and other assets	6.5/6.6/6.9	47,410	11,546
subsidiaries and other business entities		94	0
Cash flow from investing activities		**-149,161**	**-154,308**

Financing activities

in € thousand	Note	**2023**	2022
Cash received from equity contributions from the shareholder	6.12	25,000	10,000
Cash paid to shareholders and non-controlling interests from profit transfers/dividends		-61,824	-90,441
Cash received/paid relating to loans to shareholders		-4,635	53,947
Cash paid for repayments of loans	6.16	-82,886	-104,687
Cash received from loan borrowings	6.16	51,198	29,807
Cash paid for repayments of lease liabilities		-116,120	-111,122
Cash paid for the interest portion of lease liabilities		-6,638	-5,256
Interest paid		-9,167	-6,066
Cash flow from financing activities		**-205,072**	**-223,818**

Cash funds (cash and cash equivalents)

in € thousand	Note	**2023**	2022
Cash-effective changes in cash funds		-13,306	-91,847
Changes in cash funds due to changes in exchange rates and the consolidated group		-532	1,750
Cash funds (cash and cash equivalents) at the beginning of the financial year	6.11	136,529	226,626
Change in cash and cash equivalents recognized as held for sale		**-3,727**	0
Cash funds (cash and cash equivalents) at the end of the financial year	**6.11**	**118,964**	**136,529**

Notes to the Consolidated Financial Statements of DEKRA SE, Stuttgart, for the Financial Year 2023

1 General information

DEKRA SE has its registered office at Handwerkstrasse 15 in Stuttgart, Germany, and is entered in the Commercial Register at Stuttgart District Court under HRB no. 734316.

DEKRA is an international, independent expert organization operating in the business divisions of Vehicle Inspection, Claims & Expertise, Digital & Product Solutions, Industrial Inspection, Advisory & Training Services, Temp Work, and Audit.

The consolidated financial statements as of December 31, 2023 include DEKRA SE and its consolidated subsidiaries.

The members of the Management Board prepared and approved the consolidated financial statements of DEKRA SE for the financial year from January 1 to December 31, 2023 on March 28, 2024, and presented them to the members of the Supervisory Board for review and approval.

These financial statements and management report are published in the electronic Federal Gazette [in German: Bundesanzeiger]. The prior-year financial statements and management report were published in the Federal Gazette in the reporting year.

All shares in DEKRA SE are held by DEKRA e. V., Stuttgart. DEKRA e. V., Stuttgart, is also the direct and ultimate parent of the Company.

2 Accounting principles

The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union at the end of the reporting period, and the additional requirements of German commercial law pursuant to Section 315.e (1) HGB [Handelsgesetzbuch: German Commercial Code].

The principles of the Framework and the IFRS of the International Accounting Standards Board (IASB), as well as the interpretations of the IFRS Interpretations Committee effective as on the reporting date, were applied.

Information on the adoption of specific IFRS is provided in the comments on the individual items of the financial statements later on in these notes.

The consolidated financial statements are presented in euros, which is DEKRA SE's functional and presentation currency. Unless otherwise stated, all amounts have been rounded up or down to the nearest thousand euros (€k) in accordance with customary commercial practice.

The consolidated financial statements comply with the requirements of Sec. 315e (3) HGB.

3 Recognition and measurement principles

The recognition and measurement principles (accounting and valuation methods) adopted are fundamentally consistent with those of the previous reporting period. In addition, the new or revised standards that were subject to mandatory adoption for the first time in the 2023 financial year in accordance with the respective transitional provisions are presented below.

The following IFRS standards and interpretations were subject to mandatory application for the first time in the financial year:

Standard/Interpretation; effective date	Impact on the consolidated financial statements of DEKRA SE
Amendment to IAS 1 Disclosure of accounting policies – switch from "significant" to "material"; January 1, 2023	No material impact
Amendment to IAS 8: Definition of accounting estimates – clarification of the differentiation between changes in accounting policies and changes in accounting estimates; January 1, 2023	No material impact
Amendment to IAS 12: Deferred tax arising when, upon initial recognition, transactions give rise to equal taxable and deductible temporary differences; January 1, 2023	No material impact
Amendment to IFRS 17: Insurance contracts; January 1, 2023	No material impact
Amendment to IAS 12: Information on the impact on income tax of Pillar 2 Model Rules – OECD; January 1, 2023	No material impact

The IASB and the IFRS IC have issued the Standards, Interpretations and Amendments listed below that were not yet subject to mandatory adoption as of December 31, 2023. There are no plans to adopt these new pronouncements early.

Amended standards and interpretations:

Standard/Interpretation; effective date	Adopted by the EU Commission	Anticipated impact on the consolidated financial statements of DEKRA SE
Amendments to IAS 1: Classification of liabilities as current or non-current and non-current liabilities with covenants; January 1, 2024	Yes	No impact
Amendment to IAS 7 and IFRS 7: Reverse factoring agreements; January 1, 2024	Yes	No impact
Amendment to IFRS 16: Lease liability in a sale-and-lease-back; January 1, 2024	Yes	No impact

3.1 Principles of consolidation

All companies over which the Group's ultimate parent exercises direct or indirect control are included in full in the consolidated financial statements. Control is assumed as soon as the parent company has decision-making power over the subsidiary due to voting or other rights; is exposed to, or has rights to, variable returns from the subsidiary; and has the ability to affect those returns through its power over the investee company. A subsidiary is consolidated for the first time with effect from the date on which DEKRA SE takes over control of it. The subsidiary is removed from the consolidated group as soon as control ends. Subsidiaries' assets and liabilities that are classified as held for sale are recognized according to the rules for non-current assets held for sale, disposal groups and discontinued operations.

During the reporting period and as of the reporting date, there were no joint operations that would have had to be included with their pro rata assets and liabilities and with their income and expenses.

Joint ventures and associates are accounted for using the equity method. An associate is an entity over which the owner exercises significant influence, but that is neither a subsidiary nor a joint venture or joint operation. In the consolidated financial statements of DEKRA SE in the financial year, a total of three (prior year: two) domestic companies and two (prior year: two) foreign companies were consolidated using the equity method. These companies were capitalized for the first time at acquisition cost. Subsequently, the carrying amounts of the shareholding investments are increased or reduced each year by the proportionate share of their net income, dividends distributed or other changes in equity. The principles of purchase price allocation for full consolidation apply in the same way to the initial measurement of joint ventures and associates. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortized systematically. As of each reporting date, DEKRA tests whether the carrying amount is impaired pursuant to IAS 36.

Subsidiaries, joint ventures, joint operations and associates that are individually and jointly immaterial for the presentation of a true and fair view of the Group's results of operations, financial position and net assets are recognized at fair value, provided these companies are subsidiaries of the Group. Joint ventures and associates are valued at their acquisition cost, taking into account any impairment losses and reversals of impairment losses.

Non-controlling interests in the total comprehensive income and equity of subsidiaries are presented separately in the statement of comprehensive income and in equity. On acquisition of control, non-controlling interests are basically recognized at their proportionate share of the identifiable net assets measured at fair value.

As of December 31, 2023, the consolidated group includes DEKRA SE and the other entities listed in "Other Disclosures". The financial statements of the individual subsidiaries are included in the consolidated financial statements as of December 31, 2023, using the uniform accounting and valuation methods (recognition and measurement principles) stipulated by DEKRA SE. In addition to DEKRA SE, Stuttgart, a total of 22 domestic (prior year: 22) and 134 foreign (prior year: 127) entities are included.

Effects of first-time inclusion of previously immaterial subsidiaries and associates are recognized in the statement of changes in equity under changes to the consolidated group.

Capital consolidation is performed using the purchase method of accounting on the basis of carrying amounts as of the date of transfer of control (IFRS 3). Where there are non-controlling interests, a proportionate share of goodwill has always been recorded to date in accordance with IFRS 3 (purchased goodwill method).

In the course of business acquisitions, sometimes arrangements are made concerning the payment of contingent consideration, and call-and-put options are sometimes agreed with non-controlling shareholders. These obligations are included in the purchase price calculation at their estimated fair value. On the equity and liabilities side, a financial liability is recognized pursuant to IAS 32. Changes in fair value in subsequent periods are recognized through profit or loss. In the case of call-and-put options, the acquired entity is included in the consolidated financial statements in full and no non-controlling interests are presented.

Transactions between the consolidated entities are netted. Profits from intercompany transactions are eliminated. The income tax effects are taken into consideration and deferred taxes are recognized.

Foreign currency translation

The consolidated financial statements of DEKRA SE are presented in euros. The concept of a functional currency is applied when translating financial statements of consolidated entities prepared in foreign currencies. The functional currency is generally the local currency of the respective subsidiary. Assets and liabilities are translated at the closing rate; expenses and income at the annual average rate. The remaining items within equity are carried at historical rates. The resulting difference is recognized directly in equity and presented separately in the statement of comprehensive income.

In the separate financial statements of the subsidiaries, business transactions in foreign currencies are translated using the exchange rate on the date of the transaction. Pursuant to IFRIC 22, assets as well as expenses and income arising from the payment or receipt of advance consideration, and which are not measured at fair value upon initial recognition, are translated at the exchange rate at which the payment or receipt of advance consideration was recognized for the first time. In subsequent periods, monetary assets and liabilities in foreign currencies are translated at the exchange rate as of the reporting date. Translation differences are generally recorded under “Other operating income” or “Other operating expenses” in the statement of comprehensive income. Foreign currency gains and losses arising from taking out loans are recognized in the financial result. Non-monetary assets and liabilities are generally not remeasured in subsequent periods.

The following table shows the exchange rates for the main companies that are denominated in foreign currencies.

1 Euro =	Rate as of balance sheet date		Annual average exchange rate	
	Dec. 31, 2023	Dec. 31, 2022	**2023**	2022
Brazilian real (BRL)	5.3618	6.3101	5.4001	6.3814
Czech koruna (CZK)	24.7240	24.8580	24.0022	25.6468
Chinese renminbi (CNY)	7.8509	7.1947	7.6601	7.6340
Danish krone (DKK)	7.4529	7.4364	7.4510	7.4371
Pound sterling (GBP)	0.8691	0.8402	0.8699	0.8600
Hungarian forint (HUF)	382.8000	369.1900	381.6782	358.4625
Moroccan dirham (MAD)	10.9079	10.5352	10.9240	10.5437
New Zealand dollar (NZD)	1.7504	1.6579	1.7618	1.6725
Hong Kong dollar (HKD)	8.6314	8.8333	8.4676	9.1988
Polish zloty (PLN)	4.3395	4.5969	4.5419	4.5640
Swedish krona (SEK)	11.0960	10.2503	11.4738	10.1449
US dollar (USD)	1.1050	1.1326	1.0816	1.1835
South African rand (ZAR)	20.3477	18.0625	19.9463	17.4795
Taiwan dollar (TWD)	33.9274	31.4777	33.6667	33.0382
Swiss franc (CHF)	0.9260	1.0331	0.9718	1.0814
Japanese yen (JPY)	156.3300	130.3800	151.9797	129.8575

3.2 Significant recognition and measurement principles

The financial statements have, in principle, been prepared on a cost basis, except for financial instruments classified as “at fair value through profit and loss or other comprehensive income” pursuant to IFRS 9. In the DEKRA Group, this primarily concerns investments in non-consolidated subsidiaries, securities, obligations from options and contingent purchase price components. Furthermore, pensions and similar obligations are excluded from measurement at fair value.

Differentiation between current and non-current

Assets and liabilities which are expected to be realized or settled within the next twelve months are generally to be classified as current. All other assets and liabilities are generally to be classified as non-current. Current assets also include assets (e.g., inventories and trade receivables) that are sold, utilized, or realized within the normal business cycle, even if they are not expected to be realized within twelve months subsequent to the balance sheet date. Current liabilities, such as trade payables and provisions for personnel-related expenses and other operating expenses make up part of the current working capital that is needed in the normal business cycle of the Company. Such operating items are classed as current liabilities even if they fall due later than twelve months subsequent to the balance sheet date.

Business combinations and goodwill

The acquisition method is used when accounting for business combinations. The purchase cost of a company acquisition is calculated as the sum of the consideration transferred, which is measured at fair value on the date of purchase. In all cases of business combinations, the Group decides whether to measure the non-controlling interests in the acquired entity at fair value or at the corresponding proportionate share of the identifiable net assets of the acquired entity. Acquisition-related costs incurred in the context of a business combination are recognized under the heading of other operating expenses.

If the Group acquires a company, it assesses the appropriate classification and designation of the financial assets and liabilities taken over in accordance with the contractual terms, the business circumstances and the conditions prevailing on the date of purchase.

The agreed contingent consideration is recorded at fair value on the date of purchase. A contingent consideration that is classified as a liability in the form of a financial instrument falling within the scope of application of IFRS 9 “Financial Instruments” is measured at fair value through profit or loss, pursuant to IFRS 9.

The amount by which the purchase price of a company acquisition exceeds the fair value of the individually identifiable acquired net assets is recognized as goodwill. Acquisition-related costs are recognized through profit or loss.

In accordance with IAS 38, goodwill arising from capital consolidation is not amortized systematically, but is subject to impairment testing once a year, or more frequently if events or changes indicate that the value could be impaired. Where necessary, impairment losses are recognized in accordance with IAS 36 (impairment-only approach). For further explanations on the topic of impairment losses, please refer to the section headed “Impairment losses and reversals of impairment losses”.

Intangible assets

Purchased intangible assets that have a finite useful life are recognized at cost, less accumulated amortization and accumulated impairment losses. Purchased intangible assets that have an indefinite useful life are recognized at cost, less accumulated impairment losses.

Internally generated intangible assets are stated at cost if they meet the recognition criteria under IAS 38. Cost includes directly and indirectly allocable costs. Research costs are treated as current expenses and were immaterial in the past financial year.

The useful lives of all intangible assets are classified as finite and average between three and seven years for concessions, industrial property rights, and similar rights and assets; between five and ten years for internally generated intangible assets; and between three and ten years for other intangible assets. For purchase price allocations, useful lives between ten and fifteen years were utilized for trademarks or customer bases. Systematic amortization is performed using the straight-line method. Where necessary, impairment losses are recognized, and then reversed if the reasons for the impairment cease to apply at a later date. Impairment losses are recognized under amortization and depreciation. For further explanations on the topic of impairment losses, please refer to the section headed “Impairment losses and reversals of impairment losses”.

Property, plant and equipment

Pursuant to IAS 16, property, plant, and equipment are recognized at cost, less accumulated systematic depreciation. If there are indications of impairment and the recoverable amount is less than the amortized cost, then an impairment loss is recognized. For further explanations on the topic of impairment losses, please refer to the section headed “Impairment losses and reversals of impairment losses”.

Manufacturing costs include the direct cost of materials and production, as well as production overheads. Subsequent costs are capitalized when it is probable that future economic benefits, in excess of the originally assessed earning power of the asset, will flow to the Company. All other subsequent expenditure is recognized directly as an expense. Maintenance expenses are recognized through profit or loss.

Property, plant, and equipment are depreciated systematically on a straight-line basis over the economic useful lives of the individual assets. The useful lives of buildings and their individual components are between ten and forty years; technical equipment and machines between five and twenty years; and other equipment, furniture and fixtures between three and ten years. There were no significant residual values within the meaning of IAS 16.53 to be taken into account in the calculation of the depreciation charge. The useful lives of assets are subject to regular checks. Gains and losses from the disposal of assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the statement of comprehensive income under other operating income or other operating expenses.

Leasing

Leasing as a lessee

As a lessee, the Group leases real-estate property, technical equipment, IT, and other equipment, furniture, and fixtures. In accordance with IFRS 16, the Group recognizes rights of use and lease liabilities for the majority of these lease agreements. In this process, non-lease components are separated from lease components.

At the commencement date of a lease, the Group recognizes lease liabilities measured at the present value of lease payments expected to be made over the lease term. These comprise fixed payments, variable lease payments that are on an index or a rate, as well as the cost of exercising a reasonably certain purchase option, any penalty payments from a reasonably certain termination option and payments expected by the Group arising from residual value guarantees. The measurement of the lease liability also takes into account lease payments based on a reasonably certain extension option. Variable lease payments that are not linked to an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs. For calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of the lease liabilities is increased to factor in the higher interest expenses, and decreased to factor in the lease payments made. Moreover, the carrying amount of the lease liabilities is remeasured if there are changes to the lease agreement, the duration of the lease agreement, the lease payments (e. g., changes in future lease payments because of a change to the index or interest rate applied to the payment) or if there are changes in the assessment of a purchase option for the underlying asset.

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated amortization and accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, the initial direct costs incurred, and the lease payments made upon or before the commencement date, less any lease incentives received. Right-of-use assets are amortized on a straight-line basis over the useful life or lease term, whichever is shorter, of the underlying lease agreement. The associated amortization of right-of-use assets is recognized under depreciation/amortization of intangible assets, right-of-use assets, and tangible assets.

For lease agreements for assets with a term of 12 months or less and for leases of low-value assets, the Group exercises the practical expedients that apply to short-term leases and to leases for which the underlying asset is of low value. The expense for such lease agreements is recognized under the heading of other operating expenses.

Inventories

Inventories are basically measured at the lower of cost or net realizable value pursuant to IAS 2. Cost is calculated according to the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale that have yet to be incurred.

Financial instruments

Financial instruments primarily consist of trade receivables, securities and shares in subsidiaries, which are not included in the consolidated financial statements for reasons of materiality, and also loans to non-consolidated subsidiaries and investee companies, as well as liabilities to banks, trade payables and other financial liabilities.

Financial instruments are recognized as soon as DEKRA becomes a party to a contract.

Financial assets and liabilities are only netted and stated as a net amount in the balance sheet if, at the present time, there is a legal claim to setting the amounts off against each other and if it is intended either to settle on a net basis or simultaneously realize the asset and settle the liability.

Financial assets

Financial assets are accounted for pursuant to IFRS 9. Under IFRS 9, financial assets are divided into three categories: Financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss.

Financial assets at amortized cost

This category includes debt instruments with contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Furthermore, the debt instruments in this category are held within a business model which has the objective of holding financial assets in order to collect contractual cash flows.

They are initially recognized at fair value, which generally matches the value of the consideration paid, plus any directly attributable transaction costs. Subsequent measurement is at amortized cost using the effective interest rate method. Interest income and interest expense, and also impairment losses, are recognized through profit or loss.

In the DEKRA Group, this category includes loans to subsidiaries that are not fully consolidated and other loans, trade receivables, cash and cash equivalents, receivables from affiliates and other financial assets.

Financial assets at fair value through other comprehensive income

Debt instruments which, despite satisfy the cash flow criterion, are held in a business model for collecting contractual cash flows and selling financial assets, are classified as "at fair value through other comprehensive income".

Furthermore, there is an irrevocable option to allocate equity instruments not held for trading to this category when being classified for the first time. The cumulative changes in fair value are not reclassified to profit or loss even when these equity instruments are derecognized.

Both the initial recognition and subsequent measurement of the assets is at fair value. Changes in value are generally recognized in the statement of comprehensive income. By contrast, information on the collection of contractual cash flows in the case of debt instruments, such as interest income, and dividends in the case of equity instruments are recognized through profit or loss.

The DEKRA Group uses this category to account for shares in affiliated companies and investee companies. These shares are held as long-term, strategic shareholding investments that are not expected to be sold in the short to medium term. Accumulated gains or losses are reclassified to other revenue reserves on the date of disposal.

Financial assets at fair value through profit or loss
This category includes debt instruments that do not satisfy the cash flow and/or business model conditions. Debt instruments can also optionally be allocated to this category upon initial recognition in order to overcome or significantly reduce an accounting mismatch.

This category also includes equity instruments for which the option for measurement at fair value through other comprehensive income is not exercised.

The assets are initially recognized at fair value. Transaction costs are recognized through profit or loss. Their subsequent measurement is also at fair value. Changes in fair value in this category are recognized through profit or loss.

The DEKRA Group allocates the securities that it holds to this category.

A financial asset is derecognized if it is assumed after thorough analysis that it can no longer be realized, for example at the end of insolvency proceedings or after court rulings.

Financial liabilities

Pursuant to IFRS 9, financial liabilities are divided into two categories: Financial liabilities measured at amortized cost and financial liabilities measured at fair value through profit or loss.

Financial liabilities at amortized cost
Financial liabilities are allocated to this category with the exception of liabilities held for trading and when exercising the fair value option. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent remeasurement is at amortized cost using the effective interest rate method.

The DEKRA Group uses this category for most of its financial liabilities. The participation rights capital was measured at amortized cost.

Financial liabilities at fair value through profit or loss
DEKRA puts all contingent liabilities recognized by a purchaser in the context of a business combination pursuant to IFRS 3 into this category. DEKRA does not exercise the Standard’s fair value option.

The measurement is the same as for “financial assets measured at fair value through profit or loss”.

Financial liabilities are derecognized if these are repaid, i.e., the obligations stated in the contract are fulfilled or annulled or have lapsed.

Trade receivables, contract assets and other financial assets

Trade receivables and other financial assets are measured at amortized cost or fair value, depending on their category as described in the section above. Non-current non-interest-bearing receivables are stated at present value using an interest rate matching their maturity.

Contract assets contain receivables from unbilled service contracts. Their recognition is governed by IFRS 15 “Revenue from Contracts with Customers”.

Trade receivables, contract assets and other financial assets, as well as receivables from lease agreements are subject to the impairment model of IFRS 9. This is explained in more detail in the section “Impairment losses and reversals of impairment losses pursuant to IFRS 9”.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances and short-term deposits and are recognized at nominal value. Cash equivalents have a remaining duration of up to three months, calculated from the date of acquisition.

Deferred taxes and income taxes

Income taxes include expenses and income from current and deferred taxes as well as tax allocations to the parent DEKRA e. V., Stuttgart, with which the Company forms a tax group for income tax purposes.

Current income tax liabilities/assets are measured at the amount expected to be paid to or, respectively, recovered from the tax authorities. The calculation is based on the tax rates enacted or substantively enacted as of the reporting date.

IFRIC 23 was observed when determining income tax liabilities. The subsidiaries included are asked whether they have any uncertain tax items. If any such items exist, they are duly taken into account.

Deferred taxes are recognized in accordance with the liability method pursuant to IAS 12 for temporary differences between the tax accounts and the consolidated financial statements – with the exception of goodwill resulting from capital consolidation that cannot be recognized for tax purposes – and for tax loss carry-forwards. Deferred tax assets are only considered to the extent that it is sufficiently probable that they will be realized. Probable usability is based on a multi-year plan for the respective entity. Deferred taxes are calculated using the respective local tax rates on the basis of the tax rates that are expected to apply for the period of reversal of the difference. Changes to tax rates adopted by the reporting date are taken into account when calculating deferred taxes.

Deferred taxes are recorded as tax income or expense through profit or loss unless they relate to items recorded directly in other comprehensive income; in this case, the deferred taxes are likewise recorded in other comprehensive income.

Deferred tax assets for tax loss carry-forwards are only recognized to the extent that it is probable that there will be future taxable profit against which they can be set off.

Deferred tax assets and liabilities are disclosed as a net amount in the consolidated balance sheet as long as there is a legally enforceable right to offset current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority. Accordingly, offsetting is carried out at entity level and tax group level.

The DEKRA Group falls within the scope of application of the OECD Pillar 2 Model Rules governing global minimum taxation. The Pillar 2 legislation was adopted in Germany – the jurisdiction in which the DEKRA Group is located – and shall apply to the financial years from January 1, 2024 onwards. Because the Pillar 2 legislation was not yet applicable on the reporting date, the Group is presently not subject to any related additional tax burden. The Group applies the temporary, mandatory exemption rule pursuant to IAS 12 with regard to accounting for deferred tax arising from the introduction of the global minimum taxation rule, and it recognizes this as an actual tax expense/income amount on the date when it occurred in each case. The Group is currently in the process of estimating the impact of Pillar 2 after the legislation comes into effect. It presently does not anticipate that the global minimum taxation rule will have a material impact on its tax expenses.

Impairment losses and reversals of impairment losses

Impairment losses and reversals of impairment losses pursuant to IAS 36

The carrying amounts of the assets that fall under the scope of IAS 36 are tested annually at year-end and whenever necessary for indications that an asset may be impaired. If such indications are found to exist, the recoverable amount of the asset concerned is estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the CGU (cash-generating unit) to which the asset belongs is determined. The recoverable amount is the higher of an asset’s net realizable value and its value in use (present value of expected future cash flows). If the recoverable amount is lower than its carrying amount, an impairment loss must be recognized to reduce the carrying amount to the recoverable amount. Impairment losses recognized in prior years must be reversed when there is a change in the estimate and the recoverable amount is higher than the carrying amount. Impairment losses are recognized under amortization and depreciation.

In addition, annual impairment tests must be carried out for goodwill, intangible assets with indefinite useful lives and intangible assets that are not yet available for use. As goodwill and other intangible assets generally cannot be sold independently and cannot generate cash flows independently of other assets, impairment tests can only be carried out in connection with a cash-generating unit (CGU).

The cash-generating units (CGUs) relevant for the goodwill impairment test are defined at the regional cluster level and at the level of the globally operating Temp Work unit. This is largely due to the joint management and monitoring of the individual regional clusters and the globally operating Temp Work unit.

In the course of the impairment test of a cash-generating unit, the carrying amount of the CGU is compared to the recoverable amount. The cash-generating unit includes those assets that can be directly or indirectly allocated on a reasonable and consistent basis to the cash-generating unit and that will generate future cash inflows.

If the net sales proceeds and the present value of the expected future cash flows of a cash-generating unit are lower than its carrying amount, the impairment expense recognized through profit or loss is allocated to the individual assets of the CGU.

This allocation is made in proportion to the individual assets' share in the CGU's carrying amount. If goodwill is assigned to the cash-generating unit, any identified impairment expense is first assigned to goodwill and then allocated proportionately to the other assets of the CGU.

Impairment losses and reversals of impairment losses pursuant to IFRS 9

The impairment model introduced by IFRS 9 is based on future expected credit losses and is applicable for all financial assets (debt instruments) that are not measured at fair value through profit or loss and for all financial guarantees and loan commitments. The impairment approach provides a three-stage model for determining the amount of the impairment, except for trade receivables and contract assets.

- **Level 1: Credit losses expected within the next 12 months**
  Level 1 comprises all instruments upon their initial recognition and all instruments for which there has not been a significant increase in credit risk since initial recognition. A default expected within the next 12 months is considered as an impairment loss.

- **Level 2: Credit losses expected over the entire duration term – no impairment to credit standing**
  Level 2 comprises all instruments for which, on the reporting date, there has been a significant increase in credit risk as compared to the date of initial recognition, but no objective indication of impairment. All expected losses are recognized over the residual term of the instrument as a valuation allowance for impairment. A significant increase in credit risk is assumed where the status has been past due for more than 30 days.

- **Level 3: Credit losses expected over the entire duration term – impairment to credit standing**
  If there is also objective evidence of impairment in addition to a significant increase in the risk of default as of the reporting date, all expected losses for the instrument are recognized as impairment over its entire duration term. Being a past-due-date status for more than 90 days and also further indications of financial difficulties on the part of the debtor are taken to be objective evidence of impairment.

The assessment as to whether the credit risk of a financial asset has increased significantly is performed at regular intervals, at least once a year, based on internally or externally available information on the counterparty (e.g., rating information) and data on macroeconomic developments. This information also serves to ascertain the probability of default and the default ratio and therefore also to calculate the expected credit losses.

For loans and other financial assets, the expected credit losses pursuant to IFRS 9 are determined annually on the basis of probabilities of default derived from the respective rating of the contractual partners and from the loss ratio and the amount at risk of default.

For trade receivables and contract assets, DEKRA uses a simplified approach to determine the expected credit losses. For these instruments, the focus is on the credit losses expected over the entire duration terms, which means that a review as to whether there has been a significant increase in the credit risk is not necessary. Portfolio valuation allowances for the expected credit losses are calculated on the basis of historical data adjusted for supportable, forward-looking macroeconomic factors. In the reporting year, the Company fine-tuned the processing of the data on which the model is based. Moreover, the definition of payment default that is used for calculating historical loss rates was shortened slightly. The Company analyzes the GDP growth rates, for example, published by the OECD for the regions in which DEKRA operates and duly weights them as macroeconomic factors.

A financial asset is derecognized if it is assumed after thorough analysis that it can no longer be realized, for example at the end of insolvency proceedings or after court rulings.

Pensions and other post-employment benefits

Provisions for pensions and similar obligations are calculated according to the projected unit credit method prescribed by IAS 19. In addition to biometric bases of calculation pursuant to acknowledged guidance tables, this method primarily takes into account current assumptions regarding future increases in salaries and pensions as well as the relevant long-term capital market interest rate, which is determined on the basis of the market yields achieved by fixed-interest high-quality corporate bonds as of the reporting date. The provisions are recognized at an amount equivalent to the defined benefit obligation.

Plan assets that are invested in order to cover defined-benefit pension plans and other similar benefits are measured at fair value and offset against the corresponding obligations.

Pursuant to IAS 19.123, net interest on the net liability or the net asset arises as interest from the reporting period on the net liability or the net asset. It is determined at the start of the financial year and presented as the amount by which the provision or asset recognized in the past has increased due to interest during the period.

Actuarial gains and losses, which primarily result from deviations from the assumptions made, are recorded in other comprehensive income in the period in which they occur. The service cost and past service cost from plan amendments are immediately recognized in personnel expenses in the financial year in which the amendments are made. Interest expenses are recognized in the financial result.

Actuarial reports are obtained for the calculation of the pension provisions.

Other provisions

Provisions are recognized corresponding to the amount required to cover all present obligations as of the reporting date, based on a best estimate. Future events which may have an effect on the amount needed to satisfy the obligation are considered in the provisions, provided that they can be forecast with an adequately objective degree of certainty and that the obligation results from past events. In addition, provisions for potential losses from onerous contracts are set up in accordance with IAS 37.

The provision is measured at the most probable amount and at the expected amount if there is a range of different figures. Where possible, it is determined and measured on the basis of contractual agreements; otherwise, calculations are based on past experience and estimates by management.

Non-current provisions are recognized at present value and discounted at market interest rates that match the risk and the time period through to realization.

Contract liabilities

A contract liability is recognized if the Group receives payments before it has delivered the goods or services to the customer. Contract liabilities are recognized as revenue as soon as the Group has satisfied its contractual obligations.

Revenue recognition

DEKRA provides services in the Vehicle Inspection, Claims & Expertise, Digital & Product Solutions, Industrial Inspection, Advisory & Training Services, Temp Work and Audit divisions and recognizes the associated income pursuant to IFRS 15 “Revenue from Contracts with Customers”. IFRS 15 provides for a uniform principles-based five-step model for calculating revenue that must be applied to all contracts with customers.

DEKRA recognizes revenue over time if there is either a continuous flow of benefits to customers or if an asset with no alternative use is created. In both cases, an ordinary right of termination by the customer gives rise to a reimbursement claim for the respective proportionate selling price. DEKRA therefore recognizes revenue based on the respective degree of completion of the underlying service obligation. The percentage of completion per contract to be recognized is calculated as the ratio of the actual costs incurred to overall anticipated costs of the project (cost-to-cost method). This is the most suitable method for DEKRA to measure progress. If the outcome of a service obligation to be rendered over a time period is not reasonably certain, but DEKRA nevertheless expects that it will at least get its costs reimbursed by the customer, then the revenue is only recognized at an amount corresponding to the contract costs incurred.

The transaction prices are essentially fixed prices. As a rule, contracts with customers only contain a commitment. Contract costs are recognized as an expense in the period in which they are incurred. If it is foreseeable that total contract costs will exceed total contract revenue, the expected loss is immediately recognized as an expense. Contracts are generally processed within one year. The revenue recognition, settlement and cash inflows result in invoiced trade receivables, contract assets (receivables from unbilled service contracts) and contract liabilities (liabilities from unbilled service contracts). Because DEKRA provides services, there are no returns of goods. Furthermore, the granting of credit to customers is not relevant to any significant extent.

DEKRA performs “revenue recognition at a point in time” in all of its Service Divisions. With this type of revenue recognition, revenue is recognized when DEKRA provides the service. “Revenue recognition over time” is notably performed in the divisions of Digital & Product Solutions, Industrial Inspection, Advisory & Training Services and Audit.

Dividends are recognized when the right to receive payment arises.

Government grants

In accordance with IAS 20, government grants are only recognized where there is reasonable assurance that all associated conditions will be complied with, and the grant will be received. They are recognized through profit or loss as of the date when the subsidized expenses are incurred unless they relate to subsidies for an asset. Government grants are generally disclosed without offsetting under other operating income. Grants for assets are deducted from the carrying amount of the relevant asset and recognized in profit or loss applying a reduced amortization charge over the asset’s economic useful life.

Valuation policy decisions and estimates

In applying the recognition and measurement principles, the members of the Management Board made the following valuation policy decisions which have a material impact on the amounts stated in the financial statements.

The consolidated financial statements include assumptions and estimates which have an effect on the carrying amounts and recognition of assets and liabilities as well as income and expenses. Actual amounts may differ from the amounts based on these estimates and assumptions.

In particular, assumptions and estimates were made concerning the useful lives of fixed assets, the recoverability of goodwill and other intangible assets, the recoverability of receivables and adequate valuation of securities, the parameters for measuring pension and other provisions, and the recoverability of deferred tax assets. In addition, we refer to the above explanations and to the comments in note 6 concerning the individual balance sheet items.

The Group determines the term of the lease based on the non-cancellable period of the lease, including reasonably certain extension options and the periods covered by an option to terminate the lease if it is reasonably certain that the Group will not make use of this option.

Several lease agreements containing extension and termination options were concluded. Valuation policy decisions are made in assessing whether it is reasonably certain that the option of extending or terminating the lease will or will not be exercised. That means taking into account all relevant factors constituting an economic incentive to exercise the option of extending or terminating the lease. After the commencement date, the lease term is reassessed if there is a significant event or change in circumstances which is under the Group's control and affects the ability to exercise or not to exercise the option to extend or to terminate the lease (e.g., performance of significant leasehold improvements or significant customization of the leased asset).

The duration term of lease agreements basically corresponds to the contractually fixed duration term. Because there is no contractually fixed duration term in the case of open-ended contracts, the minimum duration term laid down in the contract shall apply (provided there is one) and/or the contract termination clauses shall apply. For termination and extension options, the cluster duration term is determined as the term of the lease, provided that the cluster duration term is longer than the term agreed in the contract. Should a contract with a termination or extension option have a longer contractually agreed term than the cluster term, the contractual term is then used. The cluster duration term is the term that contracts in the same cluster generally have. A cluster is a group of lease agreements for similar underlying assets. DEKRA categorizes lease agreements into the following clusters: IT, buildings, vehicles, technical equipment, furniture and office equipment (furniture and fixtures). The cluster duration term was determined for the financial year and is based on past experience.

We refer to note 8.1 for details of potential lease payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Goodwill is tested for impairment at least once a year. The impairment tests carried out are mainly based on estimates. Various scenarios were therefore worked out for the individual cash-generating units (CGUs). The main estimate parameters were the future expected net cash flow surpluses, based on market developments and on assumptions about economic development, and an estimate of increases in personnel costs, the growth rates and the weighted average cost of capital. Even if the parameters should change, the recoverable amount is currently expected to exceed the carrying amount of goodwill. Especially with regard to the assumptions concerning goodwill impairment or the expected future cash flows and weighted average of cost of capital, we refer to note 6.2. The fair values utilized for the impairment test are also used for the valuation of equity instruments measured at fair value. Because estimates have to be carried out for the calculation of fair value, as described in this paragraph, and no active market exists, these are measured at fair value through other comprehensive income.

Loss allowances on trade receivables relate to assumptions regarding the risk of default and the expected loss ratios ("loss given default"). DEKRA makes these assumptions based on past experience, existing market conditions and estimates about the future as at the end of the reporting period.

Selecting the method for determining the degree of contract completion with our customers requires valuation policy decisions and depends on the type of service concerned. To determine the stage of completion for the respective contract, the cost-to-cost method is generally used as the ratio of costs incurred to the total costs calculated.

The obligation from defined-benefit pension obligations and the pension benefit payments of the subsequent year are determined based on actuarial parameters such as interest rate, future salary and pension trends, and age. Changes in parameters can have a significant effect on the pension benefit obligation. For further explanations, we refer to note 6.14.

In the case of business combinations, sometimes contingent purchase price components exist or call-or-put options for non-controlling interests have been agreed with the seller. The resulting purchase price liabilities are subject to estimates as to whether future targets can be achieved and in terms of assumptions regarding the present value of future purchase price payments. For further explanations, we refer to note 3.1.

Deferred tax assets are recognized to the extent that it is likely they can be used. The probability of their being used in the future is assessed, taking into account various factors such as future taxable earnings in the planning periods. DEKRA uses a planning horizon of five years. The actual amounts may differ from the estimates. These are then adjusted in other comprehensive income or through profit or loss, depending on how they were initially recognized.

4 Company acquisitions (business combinations) and non-current assets held for sale

Presentation of significant company acquisitions in the financial year

With effect from March 27, 2023, the Group acquired 90.71% of the shares in Onward Security Corporation, New Taipei City. The purchase price amounted to 17.4 million euros of which 14.1 million euros was paid out of liquid funds and 3.3 million euros was recognized as a purchase price liability. With this acquisition DEKRA took over the leading provider of cybersecurity solutions in Taiwan and is thus expanding its service portfolio in the fast-growing sector of cybersecurity. In the chapter “Consolidated Statement of Cash Flows” further information on the cash flow from investing activities is provided.

The net assets recognized from this acquisition amounted to 4.0 million euros. As of the acquisition date the carrying amounts of the acquired assets and liabilities amounted to a total of 4.5 million euros and 0.5 million euros respectively. The assets consist of non-current financial assets of 0.8 million euros, liquid funds (cash and cash equivalents) of 2.6 million euros, trade receivables of 0.6 million euros and sundry non-current and current assets of 0.5 million euros. The carrying amount of the assets and liabilities corresponds to their fair value. The liabilities of 0.5 million euros are short-term liabilities.

Intangible assets (customer base and order backlog) of about 5.7 million euros were capitalized and deferred taxes of 1.1 million euros were recognized from the resulting purchase price allocation. As of the acquisition date, goodwill of about 9.6 million euros was recognized. As well as synergy effects, the goodwill includes intangible assets which cannot be measured separately, such as workforce and know-how.

Net of the non-controlling interests of about 0.8 million euros the acquired net assets amount to 17.4 million euros.

Revenues since the acquisition date amounted to 5.6 million euros and a net loss of 1.1 million euros occurred. If the acquisition had already taken place as of January 1, 2023, revenues of 6.1 million euros and a loss of -1.5 million euros would have been included in the Group’s financial figures as of December 31, 2023. The figures are the pre-intragroup elimination amounts. The company was allocated to the Service Division of Digital & Product Solutions in the APAC Region. Apart from the acquisition of the shares in Onward Security Corporation, there were no significant company acquisitions or acquisitions that are of joint significance.

Non-current assets held for sale

In the context of focussing on other markets, in 2023 the Group decided to sell DEKRA Automotive Pty. Ltd., South Africa, which was allocated to the APAC cash-generating unit. Consequently, the assets and liabilities of the subsidiary were classified as held for sale in the 2023 financial statements. The sale is expected to be completed in the second quarter of the financial year 2024.

The financial statements of DEKRA Automotive Pty. Ltd. contain the financial information shown below.

in € thousand	**2023**
Non-current assets	4,718
Current assets	4,642
Total assets	**9,360**
Non-current liabilities	673
Current liabilities	1,261
Total liabilities	**1,934**
Goodwill	3,708
Foreign currency losses contained in other comprehensive income	-1,257

5 Consolidated statement of comprehensive income

The statement of comprehensive income has been prepared using the total cost method. Income and expenses attributable to the financial year are recognized through profit or loss. Non-owner-based transactions reported as other comprehensive income are presented straight after the income statement (one statement approach).

5.1 Sales revenues

Revenues are allocated to Regions and Service Divisions. The revenues result from ordinary business activities.

Revenue by Region

in € thousand	**2023**	2022
GSA	2,557,109	2,370,514
South-West Europe	551,346	535,060
North-West Europe	397,541	365,189
APAC	260,685	244,301
Central East Europe & Middle East	190,392	167,903
Americas	144,369	113,569
	4,101,442	**3,796,536**

In the financial year, the companies located in Germany, Switzerland, and Austria were combined within the new Region called GSA (Germany, Switzerland, Austria). The prior-year figures were adjusted accordingly.

Revenue by Service Division

in € thousand	**2023**	2022
Vehicle Inspection	1,453,599	1,308,340
Industrial Inspection	587,246	555,880
Claims & Expertise	555,715	514,590
Temp Work	528,262	539,244
Digital & Product Solutions	362,960	317,848
Advisory & Training Services	446,312	410,710
Audit	125,253	108,834
Other	42,095	41,090
	4,101,442	**3,796,536**

Gross revenues also include revenue (over time) from service contracts not yet billed at year-end amounting to 66,289 thousand euros (prior year: 63,278 thousand euros), recognized proportionately over the period in which the service is rendered. Out of that amount, a sum of 39,272 thousand euros (prior year: 38,588 thousand euros) was generated in the Digital & Product Solutions division.

In the 2023 financial year, revenues were generated as follows:

Revenue recorded in the financial year:

in € thousand	**2023**	2022
Amounts recorded under contract liabilities at the beginning of the period	56,394	55,129
Service performance obligations fulfilled in earlier periods	2,048	4,251
	58,442	**59,380**

DEKRA's service performance obligations are generally satisfied when the service has been delivered (e.g., advisory & training services) or completed (e.g., vehicle inspection, digital & product solutions).

At DEKRA, terms of payment vary according to region and service. Across the Group, the terms of payment generally range between ten and sixty days and do not contain any significant financing components.

For customer contracts that have an original expected duration of more than one year, or service performance obligations not recognized in accordance with IFRS 15.B16, the transaction price for the remaining unfulfilled or partially unfulfilled service performance obligations as of December 31, 2023 can be broken down as follows:

in € thousand	**2023**	2022
Within one year	7,417	5,958
More than one year	3,434	2,250
	10,851	**8,208**

5.2 Other operating income

Other operating income amounts to 47.4 million euros in the financial year (prior year: 47.1 million euros). This includes income of 3.6 million euros from damage compensation (prior year: 2.4 million euros). Furthermore, it also includes exchange rate gains of 3.3 million euros (prior year: 6.0 million euros), off-period income of 2.7 million euros (prior year: 3.1 million euros) and government grants totaling 2.6 million euros (prior year: 3.3 million euros). There was also income of 2.2 million euros from the reversal of impairments (prior year: 1.3 million euros).

5.3 Cost of materials

The cost of materials breaks down as follows:

in € thousand	**2023**	2022
Cost of purchased services	342,985	314,436
Cost of purchased merchandise	40,314	36,410
	383,299	**350,846**

5.4 Personnel expenses

Personnel expenses can be broken down as follows:

in € thousand	**2023**	2022
Wages and salaries	2,258,792	2,113,679
Social security costs (excl. pension insurance premiums)	301,639	285,155
Pension costs	157,966	151,419
	2,718,397	**2,550,253**

Pension costs also include employer contributions to the statutory pension insurance fund amounting to 120.8 million euros (prior year: 117.8 million euros). The majority of the Group's workforce are salaried employees.

The Group’s employees are distributed as follows (annual average):

	2023	2022
GSA	23,046	23,720
South-West Europe	7,660	7,750
Central East Europe & Middle East	4,548	4,524
APAC	3,859	3,655
North-West Europe	3,529	3,318
Americas	1,497	1,137
Central departments	770	645
Service Divisions	375	324
	45,284	**45,073**

In the financial year the companies located in Germany, Switzerland, and Austria were combined within the new Region called GSA (Germany, Switzerland, Austria). The prior-year figures were adjusted accordingly.

5.5 Other operating expenses

Other operating expenses amount to 619.6 million euros (prior year: 547.5 million euros) and mainly include travel expenses of 116.1 million euros (prior year: 99.8 million euros), IT and telephone costs of 115.0 million euros (prior year: 104.3 million euros), administrative expenses of 107.7 million euros (prior year: 99.5 million euros), rent and building costs of 75.4 million euros (prior year: 68.4 million euros) as well as other personnel expenses of 52.7 million euros (prior year: 46.9 million euros). There are no impairment losses included under the heading of “other operating expenses” (prior year: 1.4 million euros). These constitute a netted item, wherein income of 18.7 million euros (prior year: 6.4 million euros) is netted with expenses of 18.7 million euros (prior year: 7.8 million euros). Other operating expenses also includes exchange rate losses of 4.8 million euros (prior year: 6.0 million euros).

5.6 Amortization/depreciation of intangible assets, rights of use and tangible assets

The composition of depreciation, amortization and impairment losses is presented in the statements of changes in intangible assets, right-of-use assets and tangible assets (property, plant and equipment). See notes 6.1, 6.3 and 8.1.

5.7 Financial result

The financial result breaks down as follows:

in € thousand	2023	2022
Investment results from companies accounted for using the equity method	**-53**	**-377**
Dividends from equity instruments measured at fair value through other comprehensive income	87	94
Other income from shareholding investments	426	2,350
Expenses from shareholding investments and shares in affiliates	-1,501	-5,766
Result from securities	-461	-260
Result from loans	164	45
Other financial result	**-1,285**	**-3,537**
Interest and similar income	17,276	14,957
Interest and similar expenses	-39,090	-28,923
thereof, interest expenses from financial instruments measured at amortized cost	-11,408	-7,541
thereof, interest expense from unwinding discount on lease liabilities	-6,615	-5,200
thereof, expense from changes in market value	-10,491	-6,307
thereof, interest expense from provisions for the phased retirement scheme	-5	-4
thereof, net funding balance from obligations for phased retirement scheme	3	-9
thereof, net funding balance from pension provisions	-7,679	-5,145
thereof, other interest and similar expenses	-2,895	-4,717
Interest result	**-21,814**	**-13,966**
Financial result	**-23,152**	**-17,880**

The investment result from companies accounted for using the equity method, which amounts to -53 thousand euros (prior year: -377 thousand euros), largely relates to the receipt of proportionate shares in the profits/losses at FSD Fahrzeugsystemdaten GmbH, Dresden, Spearhead AG, Dietlikon/Switzerland, and CertifAI GmbH, Hamburg.

The expenses from shareholding investments and shares in affiliated companies mainly relate to write-downs on loans.

The heading of “interest and similar income” mainly includes income from securities amounting to 6,668 thousand euros (prior year: 6,450 thousand euros) and interest income from loans issued and from receivables amounting to 6,317 thousand euros (prior year: 2,972 thousand euros). Moreover, it also includes foreign currency valuations amounting to 3,705 thousand euros (prior year: 5,106 thousand euros).

Under the heading “interest and similar expenses”, the expense resulting from changes in market values was affected by the remeasurement of liabilities arising from put-and-call options in connection with subsidiaries acquired in the preceding year, amounting to -6,654 thousand euros (prior year: -2,865 thousand euros).

The net funding balance from pension provisions is derived from interest expenses of 34,587 thousand euros (prior year: 13,049 thousand euros) arising from pension obligations, less the return on plan assets of 26,908 thousand euros (prior year: 7,904 thousand euros).

5.8 Taxes on income

Income taxes include taxes paid or owed on income as well as deferred taxes.

Tax allocations to DEKRA e. V., Stuttgart, of 39.1 million euros (prior year: 35.1 million euros) are also recognized under income taxes. The tax allocation corresponds to the actual tax incurred through to the level of DEKRA SE. The resulting receivables and liabilities are included under receivables from and liabilities to affiliated companies.

in € thousand	**2023**	2022
Current taxes	67,528	57,165
Deferred taxes		
Temporary differences	2,588	2,393
Tax loss carry-forwards	3,737	-2,087
	73,853	**57,471**

Current tax expenses contain off-period tax of 664 thousand euros (prior year: -689 thousand euros).

As of the reporting date, the DEKRA Group stated a total 23,855 thousand euros (prior year: 37,584 thousand euros) of unused tax loss carry-forwards, which resulted in deferred tax assets of 5,857 thousand euros (prior year: 9,763 thousand euros). The Group considers it reasonably certain that future taxable income will be available against which these can be utilized. The respective local tax rate was used in each case. The current tax expense is reduced by 261 thousand euros (prior year: 305 thousand euros) due to the utilization of hitherto unused tax losses.

Deferred taxes from temporary measurement differences were determined using future anticipated local tax rates, e. g., 30.5% (prior year: 30.5%) for Germany, 25.0% (prior year: 25.0%) for France and 25.0% (prior year: 25.0%) for the Netherlands.

No deferred taxes were recognized on retained earnings from subsidiaries, since the profits are to remain invested in the subsidiaries for the time being.

The deferred taxes as of December 31, 2023 break down as follows:

in € thousand	Deferred tax assets		Deferred tax liabilities	
	Dec. 31, 2023	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022
Non-current assets				
Rights of use – leasing	0	0	69,194	72,120
Plan assets/employers’ pension liability insurance	119,279	105,758	0	0
Other non-current assets	9,560	10,310	19,276	28,082
Current assets	4,618	4,219	10,303	5,580
Non-current liabilities				
Lease liabilities	55,651	55,322	0	0
Pension provisions/plan assets	192,375	165,755	212,097	199,465
Other non-current liabilities	848	577	11,784	1,369
Current liabilities	18,362	20,965	73	92
Deferred taxes on temporary measurement differences	**400,693**	**362,906**	**322,727**	**306,708**
Deferred taxes on tax loss carry-forwards	5,857	9,763	0	0
Total deferred taxes	**406,550**	**372,669**	**322,727**	**306,708**
Offsetting at tax group level	-297,207	-281,809	-297,207	-281,809
Balance sheet disclosure	**109,343**	**90,860**	**25,520**	**24,899**

The following tax reconciliation clarifies the difference between the effective tax expense according to the statement of comprehensive income and the tax expense that would theoretically arise if the tax rate of DEKRA SE were to be applied to consolidated earnings before taxes. As in the prior year, the DEKRA Group's tax rate is 30.525%.

in € thousand	**2023**	2022
Consolidated earnings before tax	196,275	183,910
Expected tax expense (30.525%)	59,913	56,139
Losses for which no deferred taxes were recognized	4,977	2,129
Differences from foreign tax rates	-4,351	-3,588
Tax-free income	-894	-996
Non-deductible expenses	9,062	5,867
Off-period tax items	5,002	-2,093
Other tax effects	144	13
Effective tax expense	**73,853**	**57,471**

Deferred income tax assets and current income tax receivables

The Group has unused tax losses that can be carried forward indefinitely amounting to 91,499 thousand euros (prior year: 50,801 thousand euros), for which no deferred taxes were recognized, since it is not yet sufficiently certain that they will be usable for tax purposes.

Deferred tax assets and liabilities were offset at tax group level, provided the requirements for offsetting pursuant to IAS 12.74 were met.

Of the change in deferred taxes arising from the remeasurement of defined-benefit plans, an amount of -26,314 thousand euros (prior year: -63,909 thousand euros) was reported through other comprehensive income. There were also changes in the deferred taxes from first-time consolidations as well as from currency translation effects.

The heading of "current income tax receivables" mainly contains claims against the tax authorities resulting from current tax payments.

Deferred income tax liabilities and current income tax liabilities

Besides those from effective tax obligations, tax liabilities arise mainly from deferred tax liabilities. The table above shows the recognition and measurement differences derived from adjusting the consolidated companies' commercial balance sheets to be in conformity with IFRS and the consolidation entries recognized through profit or loss, which resulted in deferred tax assets or liabilities. Deferred taxes of 2.5 million euros (prior year: 0.3 million euros) were recognized in the first-time consolidations.

Current tax liabilities mainly relate to income tax liabilities of foreign entities. Of the liabilities from tax allocations to DEKRA e.V., Stuttgart, an amount of 39.1 million euros (prior year: 35.1 million euros) has been offset against receivables from affiliates.

5.9 Other comprehensive income

The consolidated net income for the year pursuant to IFRS stands at 122.4 million euros (prior year: 126.4 million euros). This serves as a basis for developing the income statement into the statement of comprehensive income. Items affecting other comprehensive income, which will not be reclassified to the income statement in the future, include the remeasurement of defined-benefit pension plans amounting to -87.9 million euros (prior year: 214.6 million euros), less associated deferred taxes of 26.3 million euros (prior year: -63.9 million euros), and also include the change in the fair value of equity instruments measured at fair value through other comprehensive income amounting to 0.4 million euros (prior year: -6.9 million euros).

Furthermore, there is also an amount of -11.3 million euros in losses from the foreign currency translation of subsidiaries' financial statements that are denominated in foreign currencies, which is recognized through other comprehensive income (prior year: -6.7 million euros). The effects of foreign currency translation mainly relate to currency conversions from the Chinese renminbi, the South African rand and the Taiwan dollar. Under certain circumstances, this item will be reclassified to the income statement in the future.

6 Consolidated balance sheet

Non-current assets

6.1 Intangible assets

In addition to goodwill, this heading includes customer bases acquired for a consideration that are recorded under “other intangible assets”. Items also include concessions, industrial property rights and similar rights and assets, as well as internally generated intangible assets (IT developments).

Internally generated intangible assets of 1,616 thousand euros (prior year: 2,049 thousand euros) were recognized for software developments in the reporting year.

In the financial year, impairment losses of 3,516 thousand euros (prior year: 90 thousand euros) were recognized for IT projects on account of the changed general framework conditions.

in € thousand	Intangible assets					
	Goodwill	Concessions, industrial property rights, and similar rights and assets	Other intangible assets	Internally generated intangible assets	Payments on account and intangible assets under development	**Total**
Purchase/manufacturing cost As of Jan. 1, 2022	**625,878**	**202,827**	**224,957**	**51,371**	**27,258**	**1,132,291**
Exchange difference on opening balance	-1,077	290	-1,056	-392	40	-2,195
Exchange difference in current year	9	-26	-16	-53	1	-85
Additions	0	10,944	3,463	2,049	23,819	40,275
Additions to the consolidated group	6,137	43	1,281	17	0	7,478
Disposals	-248	-10,910	-1,356	-3,861	-34	-16,409
Reclassifications	0	8,014	188	577	-7,775	1,004
As of Dec. 31, 2022/Jan. 1, 2023	**630,699**	**211,182**	**227,461**	**49,708**	**43,309**	**1,162,359**
Exchange difference on opening balance	-6,476	-153	-1,294	-142	-13	-8,078
Exchange difference in current year	-256	-9	16	21	-30	-258
Additions	0	13,358	484	1,616	19,192	34,650
Additions to the consolidated group	32,272	376	13,165	869	0	46,682
Disposals	0	-2,548	-1,509	-3,220	-4,375	-11,652
Reclassification – IFRS 5	-3,708	0	-762	0	0	-4,470
Reclassifications	0	6,577	49	55	-6,346	335
As of Dec. 31, 2023	**652,531**	**228,783**	**237,610**	**48,907**	**51,737**	**1,219,568**
Amortization and impairment losses As of Jan. 1, 2022	**-155**	**-170,874**	**-185,103**	**-31,667**	**-89**	**-387,888**
Exchange difference on opening balance	164	-150	1,072	17	0	1,103
Exchange difference in current year	0	12	95	55	0	162
Additions	0	-10,556	-9,978	-3,278	-27	-23,839
Additions to the consolidated group	0	-11	-85	-17	0	-113
Disposals	0	10,838	983	3,860	0	15,681
Reclassifications	0	0	-66	0	1	-65
As of Dec. 31, 2022/Jan. 1, 2023	**9**	**-170,741**	**-193,082**	**-31,030**	**-115**	**-394,959**
Exchange difference on opening balance	6	106	817	71	0	1,000
Exchange difference in current year	0	-3	14	2	0	13
Additions	0	-12,296	-10,669	-3,550	-3,237	-29,752
Additions to the consolidated group	0	-312	0	-514	0	-826
Disposals	0	2,525	1,207	626	2,932	7,290
Reclassification – IFRS 5	0	0	0	0	0	0
Reclassifications	0	-370	0	0	26	-344
As of Dec. 31, 2023	**15**	**-181,091**	**-201,713**	**-34,395**	**-394**	**-417,578**
Carrying amount as of Dec. 31, 2023	**652,546**	**47,692**	**35,897**	**14,512**	**51,343**	**801,990**
Carrying amount as of Dec. 31, 2022	**630,708**	**40,441**	**34,379**	**18,678**	**43,194**	**767,400**
Carrying amount as of Jan. 1, 2022	**625,723**	**31,954**	**39,854**	**19,703**	**27,168**	**744,403**

6.2 Goodwill

Goodwill in the financial year contains 225.3 million euros (prior year: 217.9 million euros) relating to the GSA CGU, 119.8 million euros (prior year: 115.0 million euros) to the South-West Europe CGU, 103.1 million euros (prior year: 95.2 million euros) to the North-West Europe CGU, 83.5 million euros (prior year: 82.6 million euros) to the APAC CGU and 63.7 million euros (prior year: 64.9 million euros) to the Americas CGU. Moreover, 33.9 million euros (prior year: 31.8 million euros) relates to the Central East Europe & Middle East CGU and 23.3 million euros (prior year: 23.3 million euros) to the Temp Work CGU.

In the financial year, the companies located in Germany, Switzerland, and Austria were combined within the new Region of GSA (Germany, Switzerland, Austria). The prior-year figures were adjusted accordingly.

Additions to goodwill of 32.3 million euros (prior year: 6.1 million euros) result from first-time consolidations and from asset deals that took place in 2023. Furthermore, goodwill decreased by 6.7 million euros (prior year: 0.9 million euros) due to currency translation differences and due to a reclassification to the category of assets held for sale, amounting to 3.7 million euros (prior year: 0.0 million euros).

The recoverable amount of each cash-generating unit was determined using the value-in-use of the relevant unit. The cash flow forecast is based on the long-term planning adopted by the Management that is applicable as of the time when the impairment test is performed, which covers a planning horizon of five years. Alongside expectations for future market and company development, past experience is also taken into account in Management's planning. Cash flows after the five-year planning period were basically extrapolated on the basis of estimated growth rates of 1.0% (prior year: 0.5%). The estimated growth rates come from forecasts by the Company. For the six regional clusters, cash flows were discounted using a risk-adjusted interest rate before tax of 8.1% (prior year: 8.2%). For the globally operating Temp Work unit, a risk-adjusted interest rate before tax of 8.7% (prior year: 9.2%) was used.

A 10% decrease in the expected cash flows or a 1% increase in the discount rate underlying the calculation of the value-in-use of the cash-generating unit, considered individually, would not result in any impairment losses.

For more information, please refer to the explanations in the section of these notes describing impairment losses.

6.3 Tangible assets (property, plant and equipment)

in € thousand

	Land and buildings	Technical equipment and machines	Other equipment, furniture and fixtures	Payments on account and assets under construction	Total
Purchase/manufacturing cost As of Jan. 1, 2022	**278,591**	**307,421**	**315,400**	**18,388**	**919,800**
Exchange difference on opening balance	166	-3,775	-1,162	-553	-5,324
Exchange difference in current year	-165	-653	-224	-245	-1,287
Additions	10,479	29,485	45,446	18,369	103,779
Additions to the consolidated group	4,183	389	283	3,144	7,999
Disposals	-6,479	-11,334	-16,134	-50	-33,997
Reclassifications	3,650	3,410	3,163	-9,349	874
As of Dec. 31, 2022/Jan. 1, 2023	**290,425**	**324,943**	**346,772**	**29,704**	**991,844**
Exchange difference on opening balance	-745	-5,656	-2,223	-250	-8,874
Exchange difference in current year	-138	-80	10	-49	-257
Additions	9,987	28,783	46,467	24,103	109,340
Additions to the consolidated group	5	392	689	0	1,086
Disposals	-1,099	-21,419	-13,731	-1,141	-37,390
Reclassification – IFRS 5	-1,426	-2,314	-732	0	-4,472
Reclassifications	2,273	5,491	5,584	-13,342	6
As of Dec. 31, 2023	**299,282**	**330,140**	**382,836**	**39,025**	**1,051,283**
Depreciation and impairment losses As of Jan. 1, 2022	**-86,292**	**-179,391**	**-199,316**	**-5,858**	**-470,857**
Exchange difference on opening balance	72	1,944	333	155	2,504
Exchange difference in current year	77	398	159	0	634
Additions	-10,334	-27,125	-31,408	-2	-68,869
Additions to the consolidated group	-184	-78	-27	0	-289
Disposals	4,351	10,618	15,107	0	30,076
Reclassifications	29	117	-870	0	-724
As of Dec. 31, 2022/Jan. 1, 2023	**-92,281**	**-193,517**	**-216,022**	**-5,705**	**-507,525**
Exchange difference on opening balance	625	2,964	1,185	122	4,896
Exchange difference in current year	-29	41	1	0	13
Additions	-6,694	-31,077	-35,891	0	-73,662
Additions to the consolidated group	-3	-45	-322	0	-370
Disposals	418	19,485	12,691	0	32,594
Reclassification – IFRS 5	0	899	523	0	1,422
Reclassifications	123	150	-345	0	-72
As of Dec. 31, 2023	**-97,841**	**-201,100**	**-238,180**	**-5,583**	**-542,704**
Carrying amount as of Dec. 31, 2023	**201,441**	**129,040**	**144,656**	**33,442**	**508,579**
Carrying amount as of Dec. 31, 2022	**198,144**	**131,426**	**130,750**	**23,999**	**484,319**
Carrying amount as of Jan. 1, 2022	**192,299**	**128,030**	**116,084**	**12,530**	**448,943**

6.4 Financial assets measured at equity

The financial assets measured at equity are individually and jointly immaterial for the DEKRA Group. As in the previous year, there were no discontinued operations within the meaning of IFRS 5 at the level of associated companies. The net carrying amount of the financial assets measured at equity amounts to 19,554 thousand euros as of December 31, 2023 (prior year: 18,317 thousand euros).

in € thousand	**2023**	2022
Aggregated proportionate revenues	11,818	11,399
Aggregated share in the net income for the year	-873	-206

6.5 Other non-current financial assets

in € thousand	**Dec. 31, 2023**	Dec. 31, 2022
Shares in affiliates	54,309	46,675
Other shareholding investments	576	576
Loans to affiliated companies	11,940	10,461
Loans to associated companies	3,250	0
Other loans	106	114
Securities	16,034	17,797
Sundry other non-current financial assets	3,094	2,447
	89,309	78,070

In the financial year, no shares in affiliated companies not included in the consolidated financial statement were sold due to strategic reasons (prior year: 537 thousand euros). In accordance with IFRS 9.B5.7.1, an amount of -59 thousand euros (prior year: -9,737 thousand euros) out of the accumulated other comprehensive income arising from equity instruments measured at fair value through other comprehensive income was reclassified to revenue reserves.

DEKRA measures the shares held in affiliated companies that are not included in the consolidated financial statements at their fair value through other comprehensive income. The cumulative amounts recognized in other comprehensive income from the remeasurement of shares amount to 25.8 million euros (prior year: 25.4 million euros). Of this, 0.4 million euros (prior year: -6.9 million euros) had a positive effect on other comprehensive income in the financial year. As of December 31, 2023, the fair value of the shares in affiliates not included in the consolidated financial statements breaks down by Region as follows:

	Dec. 31, 2023			Dec. 31, 2022		
	Fair value in € million	Number of entities	Fair value spread in € million	Fair value in € million	Number of entities	Fair value spread in € million
Region						
Central East Europe & Middle East	31.3	33	0 – 2.9	32.2	34	0 – 6.6
North-West Europe	3.5	7	0 – 1.9	4.5	7	0 – 3.2
Americas	0.0	1	0	1.6	2	0 – 1.6
South-West Europe	11.6	6	0 – 7.6	13.1	6	0 – 8.5
GSA	17.1	6	0.1 – 7.4	8.6	4	0 – 3.4
APAC	4.7	3	0 – 3.0	1.0	2	0 – 1.0

In the financial year, the companies located in Germany, Switzerland, and Austria were combined within the new Region GSA (Germany, Switzerland, Austria). The prior-year figures were adjusted accordingly.

Of the fair value of 68.2 million euros (prior year: 61.0 million euros), 54.3 million euros (prior year: 46.7 million euros) relates to shares in affiliated companies, 11.9 million euros (prior year: 10.5 million euros) to long-term (non-current) loans and 2.0 million euros (prior year: 3.8 million euros) to short-term (current) loans to affiliated companies.

Fair value adjustments of about -4,310 thousand euros (prior year: 2.545 thousand euros) were applied to securities. The accumulated impairment losses amount to -5,661 thousand euros (prior year: -1,351 thousand euros).

Risk provisioning for the loans to affiliates and other loans developed as follows in the reporting period:

in € thousand	Level 1	Level 2	Level 3
Valuation allowances as of Jan. 1	-7,725	0	0
Additions	-1,063	0	0
Utilization	156	0	0
Reversals	8	0	0
Reclassifications	1,989	0	0
Valuation allowances as of Dec. 31	**-6,635**	**0**	**0**

In the prior year, the risk provision for loans to affiliates and other loans developed as follows:

in € thousand	Level 1	Level 2	Level 3
Valuation allowances as of Jan. 1	-2,162	0	0
Additions	-5,632	0	0
Utilization	0	0	0
Reversals	125	0	0
Reclassifications	-56	0	0
Valuation allowances as of Dec. 31	**-7,725**	**0**	**0**

The risk provisioning for the other non-current financial assets amounts to -10 thousand euros (prior year: -48 thousand euros).

6.6 Other non-current assets

Other non-current assets break down as follows:

in € thousand	**Dec. 31, 2023**	Dec. 31, 2022
Reimbursement claims from employer's pension liability insurance	1,590	1,522
Other non-current assets	8,872	7,952
	10,462	**9,474**

The other non-current assets mainly consist of security deposits.

Current assets

6.7 Inventories

in € thousand	Dec. 31, 2023	Dec. 31, 2022
Raw materials and supplies	1,948	1,920
Work in process	4,402	3,842
Merchandise	7,670	5,057
	14,020	10,819

6.8 Contract assets and trade receivables

In accordance with IAS 21.21, receivables in a foreign currency are translated into the subsidiaries' functional currencies using the rate on the date of transaction and are then measured using the closing rate, pursuant to IAS 21.23. The difference is netted and recognized through profit or loss under other operating income/expenses.

An amount of 18,475 thousand euros out of the Group's gross trade receivables is denominated in US dollars, 16,898 thousand euros in Sweden krona, 16,595 thousand euros in Chinese renminbi and 10,967 thousand euros in Taiwan dollars. From the point of view of the reporting subsidiaries concerned here, these are largely receivables denominated in their functional currency.

in € thousand	Dec. 31, 2023	Dec. 31, 2022
Contract assets – gross	75,647	72,551
Valuation allowances on contract assets	-1,929	-2,092
Contract assets	**73,718**	**70,459**
Trade receivables – gross	604,139	575,302
Valuation allowances on trade receivables	-20,647	-24,384
Trade receivables	**583,492**	**550,918**
	657,210	**621,377**

Contract assets are recognized for unbilled services as of the reporting date. These services mainly relate to the Service Divisions of Digital & Product Solutions, Advisory & Training Services, and Audit. Amounts recognized under contract assets are reclassified to trade receivables after defined invoicing dates or after the service has been concluded and accepted by the customer. Any remaining service performance obligations from contracts included under contract assets are usually fulfilled and invoiced within the following financial year.

The tables below show gross carrying amounts according to default risk ratings whereby the rating categories for trade receivables and contract assets are shown in a simplified form according to their past-due-date status.

Trade receivables – gross

in € thousand	Dec. 31, 2023	Dec. 31, 2022
Not overdue – 180 days overdue	563,288	546,947
Between 181 – 360 days overdue	14,928	9,587
More than 360 days overdue	25,923	18,768
	604,139	**575,302**

Valuation allowances

in € thousand	Dec. 31, 2023	Dec. 31, 2022
Not overdue – 180 days overdue	-2,466	-5,889
Between 181 – 360 days overdue	-1,534	-2,716
More than 360 days overdue	-16,647	-15,779
	-20,647	**-24,384**

The write-downs on trade receivables that – due to applying the simplified approach – are basically to be allocated to Level 2 of the impairment model developed as follows:

in € thousand	2023	2022
Valuation allowances as of Jan. 1	-24,384	-24,104
Additions to the consolidated group	-171	-50
Additions	-6,130	-8,389
Utilization	5,975	2,472
Reversals	4,063	5,687
Valuation allowances as of Dec. 31	**-20,647**	**-24,384**

None of the contract assets are past their due date. The write-downs on contract assets that – due to applying the simplified approach – are basically to be allocated to Level 2 of the impairment model developed as follows:

in € thousand	2023	2022
Valuation allowances as of Jan. 1	-2,092	-2,242
Additions	-434	-769
Utilization	4	0
Reversals	593	919
Valuation allowances as of Dec. 31	**-1,929**	**-2,092**

The expense for the increase in impairment losses and the income from the reversal of impairments are netted and included under other operating expenses.

6.9 Other current financial assets

in € thousand	Dec. 31, 2023	Dec. 31, 2022
Securities	883	25,960
Receivables from affiliated companies and companies with which a shareholding relationship exists	6,660	23,847
Sundry other financial assets	75,057	89,410
	82,600	**139,217**

The decrease of 25,077 thousand euros in securities is mainly attributable to short-term cash deposits that expired in the financial year.

Receivables from affiliates and companies with which a shareholding relationship exists do not contain (prior year: 93,929 thousand euros) any liabilities from income tax and VAT, profit transfers from DEKRA SE and other allocations to the owner which were offset against receivables from cash pooling and other allocations amounting to 1,421 thousand euros (prior year: 108,443 thousand euros). Other financial assets essentially consist of reimbursement claims from damage claim settlements of 51,146 thousand euros (prior year: 45,915 thousand euros).

Impairment losses on other current financial assets are mainly related to Level 1 of the impairment model and developed as follows:

in € thousand	2023	2022
Valuation allowances as of Jan. 1	-7,249	-9,172
Additions	-62	-1,651
Utilization	2,264	2,338
Reversals	1,786	1,186
Reclassifications	79	50
Valuation allowances as of Dec. 31	**-3,182**	**-7,249**

6.10 Other current assets

This item mainly contains prepaid expenses and other current tax receivables.

6.11 Cash and cash equivalents

The development of cash and cash equivalents – which constitute cash pursuant to IAS 7 – is presented in the statement of cash flows.

Cash and cash equivalents break down as follows:

in € thousand	Dec. 31, 2023	Dec. 31, 2022
Cash at banks	115,522	134,569
Cash on hand	2,564	1,731
Cash equivalents – less than 3 months	878	229
	118,964	**136,529**

Bank balances include short-term deposits with an original term of up to three months.

6.12 Equity

For information on the development of equity, please refer to the statement of changes in equity.

The capital stock of DEKRA SE remains unchanged from the previous year at 25,565 thousand euros. As in the previous year, it is divided into 10,000,000 authorized par-value bearer shares. Of these, as in the previous year, 10,000,000 shares are issued and fully paid in. The par value per share amounts to 2.556459406 euros. The capital reserve of 655,529 thousand euros (prior year: 630,529 thousand euros) mainly includes contributions from DEKRA e. V., Stuttgart. A contribution of 25,000 thousand euros (prior year: 10,000 thousand euros) was made to the capital reserve in the reporting year.

Revenue reserves contain the Group net income for the period and the profits of consolidated companies generated in prior years, insofar as these have not been distributed or transferred. There is a profit and loss transfer agreement in place between DEKRA SE and the parent company. The profit transfer is reported through other comprehensive income as a transaction with the equity investor. The difference between the profit transfer in accordance with German commercial law and the IFRS result is recorded in the revenue reserves. The accumulated other comprehensive income comprises changes in actuarial gains and losses from defined-benefit plans, the changes in fair value arising from the measurement of equity instruments, the recognition of deferred taxes, and the recognition of differences arising from currency translation. The changes in fair value arising from the measurement of equity instruments through other comprehensive income are reclassified to revenue reserves when the equity instrument is derecognized.

6.13 Non-controlling interests

For the changes in non-controlling interests, please refer to the statement of changes in equity.

There are non-controlling interests in those entities that are shown in the list of shareholdings (note 15) with an investment stake of less than 100% unless options for the non-controlling interests were arranged within the framework of the Company acquisition. A purchase price liability is recognized for these interests in accordance with IAS 32 and non-controlling interests are therefore not presented.

The information below presents the required pro-rata financial information concerning the most significant entity with non-controlling interests (DEKRA iST Reliability Services Inc., Hsinchu, Taiwan). The voting rights shares correspond to the capital shares held in the companies. The figures are the pre-intragroup elimination amounts.

in € thousand	**Dec. 31, 2023**	Dec. 31, 2022
Aggregated non-current assets	17,185	15,710
Aggregated current assets	5,297	5,127
Aggregated non-current liabilities	4,110	3,614
Aggregated current liabilities	5,386	5,078
Non-controlling interests	9,606	12,163

in € thousand	**Dec. 31, 2023**	Dec. 31,2 022
Aggregated revenue	9,423	9,655
Aggregated net income for the year	1,079	1,201

For reasons of materiality, the above presentation only shows the financial information for DEKRA iST Reliability Services Inc., Hsinchu, Taiwan.

6.14 Provisions for pensions and similar obligations

in € thousand	**Dec. 31, 2023**	Dec. 31, 2022
Pension provisions in Germany	255,106	184,067
Pension provisions in other countries	16,742	15,511
	271,848	**199,578**

The Group has both defined-benefit and defined-contribution plans for retirement, invalidity and surviving dependants' pension commitments based on works agreements and individual contractual agreements.

These pension plans grant pension benefits, the level of which depends on the length of service and eligible income. The age limit is the respective legal retirement age for the statutory pension insurance. The pension is paid in part directly by the companies that make the pension commitments and in part by a legally independent pension support fund (DEKRA Unterstützungskasse e. V., Stuttgart).

The obligations relating to the consolidated member companies are included in full in these consolidated financial statements. The benefits are partly financed internally through the systematic accumulation of provisions, and partly through contributions paid into employers' pension liability insurance. The direct and indirect commitments are defined-benefit obligations for which assets (from the conclusion of employers' pension liability insurance policies as well as other sources) have been set aside within DEKRA Unterstützungskasse e. V., Stuttgart. In addition, DEKRA implemented the establishment of a Contractual Trust Arrangement (CTA) effective October 24, 2017 to safeguard the pension obligations from these pension plans. A trust agreement to safeguard pension entitlements was entered into with Allianz Treuhand GmbH, Stuttgart, which acts as the trustee in a two-tier trust arrangement (administrative trust and collateral trust). The funds transferred to finance the pension obligations are managed in trust by Allianz Treuhand GmbH, Stuttgart, and are earmarked solely for the settlement of pension obligations.

The company pension scheme was reorganized with effect from January 1, 2012 (DEKRA company pension). Claims vested prior to this date were not affected. Within the scope of the reorganization, direct commitments made as defined-contribution plans were given in accordance with the rules of separately concluded works agreements. The pension plan is described as a defined-contribution plan, as the amount of the benefit is derived from and determined by previously defined pension contributions. In addition to the pension contribution paid by the employer, employees can increase this amount by converting salary components (deferred compensation).

The employers' pension liability insurance and assets of DEKRA Unterstützungskasse e. V., Stuttgart, as well as the legally separate funds of the CTA are treated as plan assets in accordance with IAS 19.113. DEKRA Unterstützungskasse e. V., Stuttgart, has an advisory board which is regularly informed about the situation of the assets in the fund.

The pension provisions in other countries mainly relate to retirement pension plans and one-off termination benefits when employees leave the Company to go into retirement.

The defined-benefit obligations are calculated annually by independent actuaries using the projected unit credit method. The 2018G mortality tables of Prof. Klaus Heubeck are used for the German pension obligations, while generally accepted mortality tables are used for the foreign obligations. France uses the INSEE tables 16-18, and the Netherlands uses the AG forecast tables 2022. These are the two countries that have the next largest share of pension obligations after Germany.

At some foreign entities, there are joint multi-employer plans for defined-benefit pension plans. The volume of these plans is immaterial for the DEKRA Group.

Apart from the general interest, inflation, longevity and jurisdiction risks, there are no particular company-specific risks for the existing plans. The longevity risk is taken into consideration by using generation life tables when calculating the obligation. In particular, the generation life tables take into account the expected continued increase in life expectancy by means of appropriate assumptions. The exceptionally high rate of inflation and the inflation that had already occurred by December 31, 2023 (adaptation backlog) were specifically considered by means of a short-term pension trend of 4.5% for the years 2024 and 2025 respectively. From 2026 on the Group returned to a long-term estimate of 2.0% p.a. for the inflation risk (prior year: 2.0%), which is adequate according to current knowledge. It also primarily has an effect on the review of current pensions. There is currently no knowledge of any employment-law-related risks based on Supreme Court rulings that could affect the plans.

Defined-benefit plans

The carrying amount of provisions for pensions and similar obligations recorded in the balance sheet can be shown as follows:

in € thousand	Pension obligation	Plan assets (-)	Total
As of Jan. 1, 2022	**1,094,634**	**-657,683**	**436,951**
Current service cost	22,356	0	22,356
Past service cost	-4,633	-961	-5,594
Net interest cost (standard interest)	13,049	-7,904	5,145
Net pension cost according to the income statement	30,772	-8,865	21,907
Actual return on plan assets, less “net interest cost”	0	32,158	32,158
Actuarial gain/loss from changes in demographic assumptions	-516	0	-516
Actuarial gain/loss from changes in assumptions based on experience	5,220	143	5,363
Actuarial gain/loss from changes in financial assumptions	-251,384	0	-251,384
Change arising from asset ceiling unless contained in net interest expense	-223	0	-223
Remeasurement of defined-benefit pension plans	-246,903	32,301	-214,602
Payments of current pensions	-35,923	19,489	-16,434
Plan settlement payments	0	325	325
Employer contributions to the pension plan	0	-27,930	-27,930
Employee contributions to the pension plan	7,856	-8,006	-150
Total payments	-28,067	-16,122	-44,189
Changes in the consolidated group	54	-543	-489
As of Dec. 31, 2022	**850,490**	**-650,912**	**199,578**

thereof, funded	811,286
thereof, unfunded	39,204

in € thousand	Pension obligation	Plan assets (-)	Total
As of Jan. 1, 2023	**850,490**	**-650,912**	**199,578**
Current service cost	19,589	0	19,589
Past service cost	350	0	350
Net interest cost (standard interest)	34,587	-26,908	7,679
Net pension cost according to the income statement	54,526	-26,908	27,618
Actual return on plan assets, less "net interest cost"	0	-888	-888
Actuarial gain/loss from changes in demographic assumptions	78	0	78
Actuarial gain/loss from changes in assumptions based on experience	6,301	4,269	10,570
Actuarial gain/loss from changes in financial assumptions	78,105	0	78,105
Change arising from asset ceiling unless contained in net interest expense	46	0	46
Remeasurement of defined-benefit pension plans	84,530	3,381	87,911
Payments of current pensions	-40,721	21,969	-18,752
Plan settlement payments	0	452	452
Employer contributions to the pension plan	0	-24,515	-24,515
Employee contributions to the pension plan	8,511	-8,739	-228
Total payments	-32,210	-10,833	-43,043
Changes in the consolidated group	-331	115	-216
As of Dec. 31, 2023	**957,005**	**-685,157**	**271,848**
thereof, funded	910,679		
thereof, unfunded	46,326		

Plan settlements are the result of the settlement of obligations due to the termination of employment contracts.

The weighted average duration of the major share of the pension obligations is 11.54 years (prior year: 13.64 years).

The expected future pension payments for the coming five financial years are as follows:

in € thousand	2024	2025	2026	2027	2028
Expected pension benefit payments	42,454	45,351	45,924	46,544	46,720

The ratio of the benefit obligation in relation to plan assets reflects the funded status of the pension plan concerned, with any excess of the benefit obligation over plan assets constituting a plan deficit. Both the benefit obligation and the plan assets can vary over time, leading to an increase/decrease in the plan deficit. Reasons for such fluctuation can include changes in market interest rates and thus in the discount rate, or adjustments to actuarial assumptions.

The DEKRA Group's plan assets mostly comprise employers' pension liability insurance policies and are subject to only limited fluctuations on account of the existing minimum returns. The contractual trust agreement (CTA) is primarily funded by the contribution of specialized funds and liquid funds (cash and cash equivalents). In principle, the separate trust assets of the CTA are subject to the same risks as direct capital investments. We refer in this regard to our explanations in note 10. The recognized plan deficit is mostly covered by cash flows from operating activities.

It is the long-term goal of the DEKRA Group to gradually increase plan assets in order to cover the deficit.

Key parameters

When calculating the pension obligation according to the projected unit credit method, the following key parameters apply for the DEKRA Group:

in %	Dec. 31, 2023	Dec. 31, 2022
Interest rate	3.48	4.21
Salary trend	1.96	1.99
Pension trend	1.93	2.00

Sensitivities are determined on the basis of the same volume and the same measurement process as for the measurement of pension obligations as of the reporting date. In determining sensitivities, every assumption was modified separately in each individual case. The figures given are averages weighted with the present value of the pension obligation concerned. The obligations in other countries, which are determined taking into account country-specific measurement principles and parameters, are immaterial.

German pension commitments are partly financed through DEKRA Unterstützungskasse e. V., Stuttgart. The assets of DEKRA Unterstützungskasse e. V., Stuttgart, meet the criteria necessary to qualify as plan assets in accordance with IAS 19.

For individual entities, pension commitments are financed through payments to an insurance company. The resulting plan assets include qualifying insurance policies only.

Sensitivity analysis

The table below shows the effects on the pension obligation that result from any change in the parameters. The analysis relates to parameters where a change was considered possible as of the reporting date. The calculation did not take into account any correlation between the parameters.

		Impact on the benefit obligation as of Dec. 31, 2023	
	Change in assumptions	Increase in assumption	Decrease in assumption
Interest rate	0.5%	Decrease of 4.1%	Increase of 4.5%
Salary trend	0.5%	Increase of 0.1%	Decrease of 0.1%
Pension trend	0.5%	Increase of 4.1%	Decrease of 3.7%
Age	1 year	Increase of 3.8%	Decrease of 3.9%

		Impact on the benefit obligation as of Dec. 31, 2022	
	Change in assumptions	Increase in assumption	Decrease in assumption
Interest rate	0.5%	Decrease of 4.0%	Increase of 4.4%
Salary trend	0.5%	Increase of 0.1%	Decrease of 0.1%
Pension trend	0.5%	Increase of 3.9%	Decrease of 3.6%
Age	1 year	Increase of 3.4%	Decrease of 3.5%

Plan assets

The fair value of plan assets breaks down into the following asset categories:

in € thousand	**Dec. 31, 2023**	**thereof, market price quoted on an active market**	Dec. 31, 2022	thereof, market price quoted on an active market
Employer's pension liability insurance	465,036	0	442,257	0
Securities	214,818	214,818	199,875	199,875
Other	5,303	0	8,780	0
	685,157	**214,818**	**650,912**	**199,875**

The securities are largely specialized funds containing a mixture of pensions and shares. The funds in this case mostly consist of pensions.

The employer contributions to plan assets are expected to amount to 25.6 million euros in the next financial year (prior year: 17.7 million euros). The plan assets do not contain any of the Group's own financial instruments, nor its own real-estate property, nor other assets that DEKRA uses itself.

Defined-contribution plans

One part of the pension benefits for the majority of employees, especially in Germany, is the statutory pension insurance. For several German and foreign entities, there are voluntary defined-contribution plans for post-employment benefits. Expenses related to defined-contribution plans, including pension insurance contributions, amounted to 135.5 million euros in the reporting year (prior year: 132.4 million euros). The future amount of these expenses essentially depends on the development of the underlying pension insurance systems.

6.15 Non-current and current provisions

Non-current provisions

in € thousand	As of Jan. 1, 2023	Addition	Interest effects	Utilization	Reversal	Reclassi-fications	**As of Dec. 31, 2023**
Other personnel provisions	3,641	754	104	-327	-230	-47	**3,895**
Phased retirement	148	-3	0	34	0	-47	**132**
thereof from phased retirement obligation	754	188	5	-174	0	0	**773**
thereof from phased retirement plan assets	-606	-191	-5	208	0	-47	**-641**
Provisions for employees' long-service awards	3,120	517	104	-360	0	0	**3,381**
Sundry other personnel provisions	373	240	0	-1	-230	0	**382**
Sundry provisions – other	23,518	9,621	-239	-3,372	-6,813	0	**22,715**
thereof, warranty provisions	4,327	6,162	-259	0	-5,641	0	**4,589**
thereof, litigation, damages and similar obligations	8,652	2,163	20	-1,090	-398	0	**9,347**
thereof, other provisions	10,539	1,296	0	-2,282	-774	0	**8,779**
	27,159	**10,375**	**-135**	**-3,699**	**-7,043**	**-47**	**26,610**

Current provisions

in € thousand	As of Jan. 1, 2023	Addition	Utilization	Reversal	Reclassifi-cations	As of Dec. 31, 2023
Other personnel provisions	5,737	2,502	-3,401	-881	0	**3,957**
Sundry provisions – other	19,676	5,496	-12,423	-3,317	0	**9,432**
thereof, restructuring – other	100	0	0	0	0	**100**
thereof, impending losses	1,035	913	-265	-481	0	**1,202**
thereof, litigation, damages and similar obligations	13,989	223	-9,268	-1,445	0	**3,499**
thereof, other provisions	4,552	4,360	-2,890	-1,391	0	**4,631**
	25,413	**7,998**	**-15,824**	**-4,198**	**0**	**13,389**

The other personnel provisions mainly reflect obligations due to the termination of employment contracts. There are uncertainties inherent in pending legal proceedings in terms of the possible payment of settlements and the length of the proceedings. Non-pending legal proceedings can normally be expected to be settled within one year.

In the case of the provisions for the phased early retirement scheme, these are provisions for phased early retirement models that have already entered into the passive (non-working) phase. Such provisions are therefore continuously decreasing. In several companies employees are granted an anniversary bonus paid after ten years' and twenty-five years' service to the Company. Allocations to provisions for anniversary bonuses already start being made upon the employee's entry into the Company. The anniversary bonus provisions are therefore subject to continuous changes (additions, utilization and reversals). Provisions for warranties mainly comprise risks arising from warranty commitments that go over and above the scope of insurance policies. The Group bases its assessment of the likelihood of claims actually being made and of the amount of such claims on past experience and currently available figures.

The provisions for litigation risks, damage claims and similar obligations mainly include damages reported by customers along with the connected litigation costs, as well as reconstitution obligations relating to tenant fixtures. Due to the underlying issues, it is expected that these matters will have a medium-term to long-term time frame.

The other provisions mainly relate to potential repayments resulting from subsidies received in the context of the German SodEG law (a law relating to the COVID-19 pandemic). The time frame and the amount of the repayments are uncertain.

The provisions cover all identifiable obligations to third parties in accordance with IAS 37. They are recognized at the amount that will probably be required.

6.16 Non-current and current financial liabilities

Non-current financial liabilities

in € thousand	Dec. 31, 2023	Dec. 31, 2022
Liabilities to banks	64,172	85,912
Lease liabilities	292,893	300,129
Other financial liabilities	0	1
Liabilities from company acquisitions	3,558	18,485
	360,623	**404,527**

The decrease of 7,236 thousand euros in non-current lease liabilities is mainly due to reclassifications of non-current lease liabilities to the category of current lease liabilities, upon their maturities. This also explains the increase of current lease liabilities by 4,269 thousand euros. The liabilities arising from company acquisitions are largely contingent purchase price components. The decrease of 14,927 thousand euros in non-current liabilities from company acquisitions is mainly due to reclassifications of non-current to the category of current liabilities from company acquisitions, upon their maturities.

Current financial liabilities

in € thousand	Dec. 31, 2023	Dec. 31, 2022
Liabilities to banks	118,948	127,787
Profit participation rights	9,640	10,629
Financial liabilities to affiliated companies	55,612	33,816
Financial liabilities to associated companies	1,038	1,002
Lease liabilities	115,609	111,340
Liabilities from company acquisitions	23,278	216
Liabilities to employees	40,295	44,811
Other financial liabilities	19,406	23,161
	383,826	**352,762**

The total decrease of 30,579 thousand euros in non-current and current bank liabilities is mainly due to the repayment of two promissory note loans.

DEKRA SE granted its managers and employees the option of subscribing to profit participation rights capital of up to 10,737 thousand euros (4.2 million profit participation rights at 2.55645 euros each). Of this total, 1,946,918 (prior year: 2,074,431) profit participation rights were subscribed. The subscribed participation rights capital grants a share in the adjusted consolidated net income of DEKRA SE with a minimum return of 4% p.a. and a maximum return of 30% p.a. Subscribed profit participation rights can be terminated unilaterally by the recipient at short notice at any time.

The current financial liabilities to affiliates include liabilities from the cash pool, from income tax and VAT as well as other allocations, some of which were netted with receivables from affiliates.

The addition to current liabilities from company acquisitions is largely because of reclassifications of non-current liabilities from company acquisitions based on their maturities and is also due to the measurement of the purchase price liabilities.

6.17 Trade payables and contract liabilities

In the financial year, trade payables and contract liabilities come to the following amounts:

in € thousand	Dec. 31, 2023	Dec. 31, 2022
Trade payables	124,554	133,900
Contract liabilities	57,959	55,872
	182,513	**189,772**

DEKRA receives payments from customers based on a settlement schedule that is an integral part of the contracts. Contract assets relate to the conditional right to consideration for the complete fulfillment of the contractual obligations. Receivables are recognized as soon as DEKRA fulfills its contractual obligations. Contract liabilities relate to payments that are received prematurely, i.e., before the contractual obligations have been fulfilled. Contract liabilities are recognized as revenue as soon as the contractual service has been delivered.

6.18 Other non-current and current liabilities

Other non-current non-financial liabilities primarily include liabilities resulting from security deposits received.

Other current liabilities break down as follows:

in € thousand	Dec. 31, 2023	Dec. 31, 2022
Personnel-related liabilities	328,859	287,774
Other liabilities for taxes	65,151	61,522
Social security	25,647	30,793
Prepayments received from damage claim settlements	22,056	15,982
Sundry other items	28,150	32,673
	469,863	**428,744**

Personnel-related liabilities chiefly relate to outstanding variable salary components.

Liabilities from taxes principally relate to VAT and wage tax.

7 Consolidated statement of cash flows

The statement of cash flows shows how the cash and cash equivalents changed in the course of the reporting year as a result of cash inflows and outflows. In accordance with IAS 7, a distinction is made between cash flows from operating activities and those from investing and financing activities. Cash flows from operating activities are determined indirectly while cash flows from investing and financing activities are determined directly.

The composition of cash and cash equivalents matches the net balance of cash and cash equivalents disclosed in the balance sheet as of the reporting date. There are no cash and cash equivalents that are subject to restricted availability.

The cash flow from investing activities includes the following payments from the acquisition and disposal of fully consolidated subsidiaries:

in € thousand	Dec. 31, 2023	Dec. 31, 2022
Total purchase/sale price	17,363	0
thereof, settled/received in cash	14,102	0
thereof, not yet settled/received	3,261	0
Amount of cash and cash equivalents acquired/disposed of	2,510	0
Amount of assets and liabilities acquired/disposed of		
Non-current assets	1,018	0
Current assets	3,360	0
Non-current liabilities	0	0
Current liabilities	488	0

In addition, the cash flow from investing activities comprises purchase price payments for further subsidiaries, other business units and cash paid for capital increases at non-consolidated subsidiaries, amounting to 35,941 thousand euros (prior year: 9,348 thousand euros). As in the previous year, these purchases do not give rise to liabilities based on variable purchase price components.

The development of liabilities stemming from financing activities is as follows.

			Non-cash-effective changes				
in € thousand	Carrying amount Dec. 31, 2023	Cash-effective changes	Exchange rate effects	Acquisition of companies	Changes in fair value	Other changes	**Carrying amount Dec. 31, 2023**
Non-current loans	85,912	-60,668	2	0	0	38,926	**64,172**
Current loans	127,787	31,465	-1,378	0	0	-38,926	**118,948**
Derivative financial instruments	0	0	0	0	0	0	**0**
Total liabilities from financing activities*	**213,699**	**-29,203**	**-1,376**	**0**	**0**	**0**	**183,120**

In the prior year, liabilities resulting from financing activities developed as follows:

			Non-cash-effective changes				
in € thousand	Carrying amount Dec. 31, 2022	Cash-effective changes	Exchange rate effects	Acquisition of companies	Changes in fair value	Other changes	**Carrying amount Dec. 31, 2022**
Non-current loans	146,602	-75,872	45	4,328	0	10,809	**85,912**
Current loans	132,789	1,978	1,283	2,546	0	-10,809	**127,787**
Derivative financial instruments	0	0	0	0	0	0	**0**
Total liabilities from financing activities*	**279,391**	**-73,894**	**1,328**	**6,874**	**0**	**0**	**213,699**

* Not including lease liabilities. These are presented separately in note 8.1.

8 Other disclosures in the Notes

8.1 Leasing

Leasing as a lessee

The companies of the Group have concluded lease agreements for IT, buildings, vehicles, technical equipment, and for other equipment, furniture, and fixtures. Lease agreements for IT generally have terms between one and five years; buildings between one and thirty years. For vehicles, the term is generally between one and six years; for technical equipment between three and seven years. Lease agreements for other equipment, furniture and fixture, generally have terms between one and ten years. The obligations under the lease agreements are secured by the lessor's title to the leased assets. Several lease agreements contain extension and termination options.

The Group also concluded lease agreements for assets with a term of twelve months or less as well as for low-value assets. The Group applied the "short-term lease" and "lease of low-value assets" recognition exemptions for these leases.

The following table shows the carrying amounts of right-of-use assets recognized and the movements during the reporting period:

in € thousand	Buildings	Vehicles	Other equipment, furniture and fixture	IT	Technical equipment	Total
As of Jan. 1, 2022	**328,072**	**30,825**	**1,379**	**1,648**	**7,979**	**369,903**
Depreciation expense	-87,838	-19,587	-531	-960	-2,452	-111,368
Additions	126,920	22,489	532	1,515	779	152,235
Disposals	-5,370	-2,102	-143	-11	0	-7,626
Exchange rate differences	-2,746	-370	-3	-1	0	-3,120
As of Dec. 31, 2022	**359,038**	**31,255**	**1,234**	**2,191**	**6,306**	**400,024**
Depreciation expense	-89,892	-21,479	-495	-1,047	-2,374	-115,287
Additions	91,901	32,684	1,508	610	417	127,120
Disposals	-10,297	-1,696	-408	-25	-8	-12,434
Exchange rate differences	-1,330	114	46	-6	0	-1,176
As of Dec. 31, 2023	**349,420**	**40,878**	**1,885**	**1,723**	**4,341**	**398,247**

The following table shows the carrying amounts of the lease liabilities and the movements during the reporting period:

in € thousand	**2023**	2022
As of Jan. 1	**411,469**	**381,168**
Additions	125,920	153,937
Interest growth	6,637	5,233
Payments and disposals	-134,149	-125,896
Exchange differences	-1,375	-2,973
As of Dec. 31	**408,502**	**411,469**
thereof, current	115,609	111,340
thereof, non-current	292,893	300,129

The maturity analysis of lease liabilities is presented in note 11.

The following amounts were recognized through profit or loss in the reporting period:

in € thousand	2023	2022
Interest expenses on lease liabilities	-6,962	-5,383
Income from the subletting of right-of-use assets, presented in other revenue	274	290
Expenses from short-term leases	-27,173	-21,838
Expenses from low-value leases	-8,561	-8,994
Total	**-42,422**	**-35,925**

The total cash outflows for leases amounted to 122,757 thousand euros in 2023 (prior year: 116,379 thousand euros). In addition, non-cash-effective additions to right-of-use assets of 127,120 thousand euros (prior year: 152,235 thousand euros) and lease liabilities of 125,920 thousand euros (prior year: 153,937 thousand euros) were recognized.

Several lease agreements containing extension and termination options were concluded. These options are negotiated by Management to provide flexibility in managing the leased-asset portfolio in alignment with the relevant business needs. Determining whether these extension and termination options are reasonably certain to be exercised requires management to perform significant valuation policy decisions (see note 3.2).

8.2 Other financial obligations

Other financial obligations including purchase commitments amount to 4,370 thousand euros (prior year: 3,947 thousand euros). These are mainly attributable to agreements concluded on commissioned construction projects and also to long-term framework agreements.

8.3 Contingent liabilities, other contingencies and collateral provided

Collateral and guarantees have been granted amounting to 16,980 thousand euros (prior year: 7,813 thousand euros). The risk of a claim being made on these is currently deemed to be low. If a claim is made on the guarantees, they fall due immediately.

The DEKRA Group is not involved in any court proceedings that could have a significant influence on its economic or financial situation.

8.4 Government grants

Government grants of 2,667 thousand euros (prior year: 3,442 thousand euros) were received in the past financial year. The above mainly relate to payroll subsidies and integration aid.

8.5 Collateral and assets subject to restricted availability

As in the previous year, there were no ownership or availability restrictions on tangible assets owned by the Group in a legal and economic sense, except for assets capitalized in the context of the finance leases. Other assets contain a total of 1.6 million euros (prior year: 1.5 million euros) in plan assets from employers' pension liability insurance policies that serve to safeguard pension obligations, but which are not pledged to the entitled employees.

No financial assets were pledged as collateral for liabilities or contingent liabilities.

9 Capital management

DEKRA pursues the goal of sustainably increasing equity. The aim is to maintain an appropriate debt-to-equity ratio while improving the EBIT margin. Equity was strengthened in the financial year through a contribution to the capital reserve of 25.0 million euros as well as an increase in the revenue reserves of 25.4 million euros. Differences from the currency translation of the financial statements prepared in foreign currencies by consolidated subsidiaries had a negative effect of -11.3 million euros on equity. The DEKRA Group's equity ratio stands at 39.3% as of the end of the reporting period (prior year: 41.0%).

10 Additional information on financial instruments

Pursuant to IFRS 9, financial assets and liabilities are allocated to one of the following categories:

a) Financial assets at amortized cost
b) Financial assets at fair value through other comprehensive income
c) Financial assets at fair value through profit or loss
d) Financial liabilities at amortized cost
e) Financial liabilities at fair value through profit or loss

The following table shows the net gains/losses for each category:

in € thousand	Dec. 31, 2023	Dec. 31, 2022
Financial assets at amortized cost	7,353	-3,230
Financial assets at fair value through other comprehensive income	162	367
Financial assets at fair value through profit or loss	6,801	6,626
Financial liabilities at amortized cost	-10,847	-7,541
Financial liabilities at fair value through profit or loss	-7,227	-2,481
	-3,757	**-6,259**

The decrease in net losses for financial assets measured at amortized cost primarily results from lower expenses for the allocation of valuation allowances.

The net gains from assets measured at fair value through other comprehensive income mainly result from dividend-type distributions.

The income from assets measured at fair value through profit or loss is attributable to income from distributions.

The expense from financial liabilities measured at fair value through profit or loss stems from the increase in liabilities from put options.

The remeasurement reserve for equity instruments measured at fair value through other comprehensive income rose by 0.4 million euros in the 2023 financial year (prior year: 2.8 million euros).

The levels of the fair value hierarchy and their application to our assets and liabilities are described below:

Level 1: Market prices quoted on active markets for identical assets or liabilities

Level 2: Information other than quoted market prices that can be observed directly (e. g., prices) or indirectly (e. g., derived from prices)

Level 3: Information relating to assets and liabilities that is not based on observable market data

The following tables show a breakdown of balance sheet items into categories and classes as well as the allocation of the financial assets and liabilities measured at fair value to the three levels of the fair value hierarchy. The fair values of the assets and liabilities measured at amortized cost correspond to the carrying amounts.

Assets

in € thousand	Carrying amount Dec. 31, 2023	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss
Non-current assets				
Shares in affiliates and investee companies	54,885	0	54,885	0
Securities	16,034	0	33	16,001
Loans	15,296	15,296	0	0
Other financial assets	3,094	3,094	0	0
	89,309	**18,390**	**54,918**	**16,001**
Current assets				
Trade receivables	583,492	583,492	0	0
Cash and cash equivalents	118,964	118,964	0	0
Securities	883	0	690	193
Receivables from affiliates and investee companies	6,660	6,660	0	0
Other financial assets	75,057	75,057	0	0
	785,056	**784,173**	**690**	**193**
	874,365	**802,563**	**55,608**	**16,194**

Assets

in € thousand	Fair value Dec. 31, 2023	thereof, fair value level 1	thereof, fair value level 2	thereof, fair value level 3
Non-current assets				
Shares in affiliates and investee companies	54,885	0	0	54,885
Securities	16,034	0	33	16,001
Loans	n/a	n/a	n/a	n/a
Other financial assets	n/a	n/a	n/a	n/a
	70,919	**0**	**33**	**70,886**
Current assets				
Trade receivables	n/a	n/a	n/a	n/a
Cash and cash equivalents	n/a	n/a	n/a	n/a
Securities	883	883	0	0
Receivables from affiliates and investee companies	n/a	n/a	n/a	n/a
Other financial assets	n/a	n/a	n/a	n/a
	883	**883**	**0**	**0**
	71,802	**883**	**33**	**70,886**

Equity and liabilities

in € thousand	Carrying amount Dec. 31, 2023	Financial liabilities at amortized cost	Financial liabilities at fair value through other compre-hensive income	Financial liabilities at fair value through profit or loss
Non-current liabilities				
Liabilities from company acquisitions	3,557	0	0	3,557
Financial liabilities	64,172	64,172	0	0
Lease liabilities	292,893	0	0	0
Other non-current liabilities	0	0	0	0
	360,623	**64,172**	**0**	**3,557**
Current liabilities				
Trade payables	124,554	124,554	0	0
Derivatives in hedge accounting	0	0	0	0
Profit participation rights	9,640	9,640	0	0
Liabilities from company acquisitions	23,278	0	0	23,278
Liabilities to banks	118,948	118,948	0	0
Liabilities to affiliated companies	55,611	55,611	0	0
Liabilities to associated companies	1,038	1,038	0	0
Other current liabilities	59,703	59,703	0	0
Lease liabilities	115,609	0	0	0
	508,380	**369,493**	**0**	**23,278**
	869,003	**433,666**	**0**	**26,836**

Equity and liabilities

in € thousand	Fair value Dec. 31, 2023	thereof, fair value level 1	thereof, fair value level 2	thereof, fair value level 3
Non-current liabilities				
Liabilities from company acquisitions	3,557	0	0	3,557
Financial liabilities	n/a	n/a	n/a	n/a
Lease liabilities	n/a*	n/a	n/a	n/a
Other non-current liabilities	n/a	n/a	n/a	n/a
	3,557	**0**	**0**	**3,557**
Current liabilities				
Trade payables	n/a	n/a	n/a	n/a
Derivatives in hedge accounting	0	0	0	0
Profit participation rights	n/a	n/a	n/a	n/a
Liabilities from company acquisitions	23,278	0	0	23,278
Liabilities to banks	n/a	n/a	n/a	n/a
Liabilities to affiliated companies	n/a	n/a	n/a	n/a
Liabilities to associated companies	n/a	n/a	n/a	n/a
Other current liabilities	n/a	n/a	n/a	n/a
Lease liabilities	n/a*	n/a	n/a	n/a
	23,278	**0**	**0**	**23,278**
	26,836	**0**	**0**	**26,836**

* Pursuant to IFRS 7.29 (d) no fair values were stated for the lease liabilities.

Other current liabilities include liabilities to employees of 40,295 thousand euros pursuant to IAS 19. These liabilities to employees pursuant to IAS 19 and the non-current and current lease liabilities of 292,893 thousand euros and 115,609 thousand euros respectively pursuant to IFRS 16 do not fall into the scope of application of IFRS 7. Reclassifications between the different levels of the valuation hierarchy are performed at the end of the financial year.

Assets

in € thousand	Carrying amount Dec. 31, 2022	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss
Non-current assets				
Shares in affiliates and investee companies	47,251	0	47,251	0
Securities	17,797	0	33	17,764
Loans	10,575	10,575	0	0
Other financial assets	2,447	2,447	0	0
	78,070	**13,022**	**47,284**	**17,764**
Current assets				
Trade receivables	550,918	550,918	0	0
Cash and cash equivalents	136,529	136,529	0	0
Securities	25,960	0	1,249	24,711
Receivables from affiliates and investee companies	23,847	23,847	0	0
Other financial assets	89,410	89,410	0	0
	826,664	**800,704**	**1,249**	**24,711**
	904,734	**813,726**	**48,533**	**42,475**

Assets

in € thousand	Fair value Dec. 31, 2022	thereof, fair value level 1	thereof, fair value level 2	thereof, fair value level 3
Non-current assets				
Shares in affiliates and investee companies	47,251	0	0	47,251
Securities	17,797	0	33	17,764
Loans	n/a	n/a	n/a	n/a
Other financial assets	n/a	n/a	n/a	n/a
	65,048	**0**	**33**	**65,015**
Current assets				
Trade receivables	n/a	n/a	n/a	n/a
Cash and cash equivalents	n/a	n/a	n/a	n/a
Securities	25,960	25,960	0	0
Receivables from affiliates and investee companies	n/a	n/a	n/a	n/a
Other financial assets	n/a	n/a	n/a	n/a
	25,960	**25,960**	**0**	**0**
	91,008	**25,960**	**33**	**65,015**

Equity and liabilities

in € thousand	Carrying amount Dec. 31, 2022	Financial liabilities at amortized cost	Financial liabilities at fair value through other compre-hensive income	Financial liabilities at fair value through profit or loss
Non-current liabilities				
Liabilities from company acquisitions	18,485	0	0	18,485
Financial liabilities	85,912	85,912	0	0
Lease liabilities	300,129	0	0	0
Other non-current liabilities	1	0	0	0
	404,527	**85,912**	**0**	**18,485**
Current liabilities				
Trade payables	133,900	133,900	0	0
Derivatives in hedge accounting	0	0	0	0
Profit participation rights	10,629	10,629	0	0
Liabilities from company acquisitions	216	0	0	216
Liabilities to banks	127,787	127,787	0	0
Liabilities to affiliated companies	33,816	33,816	0	0
Liabilities to associated companies	1,002	1,002	0	0
Other current liabilities	67,972	67,972	0	0
Lease liabilities	111,340	0	0	0
	486,662	**375,106**	**0**	**216**
	891,189	**461,018**	**0**	**18,701**

Equity and liabilities

in € thousand	Fair value Dec. 31, 2022	thereof, fair value level 1	thereof, fair value level 2	thereof, fair value level 3
Non-current liabilities				
Liabilities from company acquisitions	18,485	0	0	18,485
Financial liabilities	n/a	n/a	n/a	n/a
Lease liabilities	n/a*	n/a	n/a	n/a
Other non-current liabilities	n/a	n/a	n/a	n/a
	18,485	**0**	**0**	**18,485**
Current liabilities				
Trade payables	n/a	n/a	n/a	n/a
Derivatives in hedge accounting	0	0	0	0
Profit participation rights	n/a	n/a	n/a	n/a
Liabilities from company acquisitions	216	0	0	216
Liabilities to banks	n/a	n/a	n/a	n/a
Liabilities to affiliated companies	n/a	n/a	n/a	n/a
Liabilities to associated companies	n/a	n/a	n/a	n/a
Other current liabilities	n/a	n/a	n/a	n/a
Lease liabilities	n/a*	n/a	n/a	n/a
	216	**0**	**0**	**216**
	18,701	**0**	**0**	**18,701**

* Pursuant to IFRS 7.29 (d) no fair values were stated for the lease liabilities.

Other current liabilities include liabilities to employees of 44,811 thousand euros pursuant to IAS 19. These liabilities to employees pursuant to IAS 19 and the non-current and current lease liabilities of 300,129 thousand euros and 111,340 thousand euros respectively pursuant to IFRS 16 do not fall into the scope of application of IFRS 7.

Development of Level 3 of the fair value hierarchy:

Assets

in € thousand	**2023**	2022
As of Jan. 1	65,015	73,940
Additions	17,306	9,410
Disposals	-5,401	-19,763
Fair value changes	-3,955	1,428
thereof, recognized through profit or loss	-4,310	-2,544
thereof, recognized through other comprehensive income	355	3,972
Reclassifications	-2,079	0
As of Dec. 31	**70,886**	**65,015**

Equity and liabilities

in € thousand	2023	2022
As of Jan. 1	18,701	19,249
Additions	3,988	0
Disposals	-2,114	-3,033
Fair value changes	6,261	2,485
thereof, recognized through profit or loss	6,272	2,731
thereof, recognized through other comprehensive income	-11	-246
As of Dec. 31	**26,836**	**18,701**

The evaluation of securities measured at fair value through profit or loss is performed annually by an external knowledgeable third party applying conventional measurement policies.

The contingent purchase price liabilities were recognized at present value. This is mainly worked out on the basis of an EBIT multiple of the company concerned. As of the balance sheet date, there are noteworthy purchase price liabilities for DEKRA New Zealand Ltd., Wellington, New Zealand, and for Onward Security Corporation, New Taipei City, Taiwan.

The non-observable input parameters of liabilities from company acquisitions primarily include factors such as the operating result, earnings before depreciation and amortization, financial result and income tax or the development of the working capital of the acquired business.

Assuming a change of +10%/-10% in the underlying parameters regarding non-observable input factors as of the next possible exercise date, the amount of the purchase price liabilities, including put options and earn-outs, for the major obligations from company acquisitions would be 5% higher/5% lower.

Any future changes in value in the purchase price liabilities will be recognized through profit or loss in subsequent periods.

Shares in affiliates and investee companies are measured using the discounted cash flow method. If the discounting rate used changes by +1%/-1% and, at the same time, the cash flows change by -10%/+10%, the carrying amount of the shares in affiliates and investee companies changes by -21.2%/+26.1% (prior year: -17.7%/+35.0%).

The majority of contractually agreed maturity dates for existing current financial instruments measured at amortized cost are within twelve months of the reporting date. As such, their carrying amounts as of the reporting date approximately equate to their fair values.

For all items of non-current financial assets and liabilities not recognized at fair value, the carrying amount is largely equal to the fair value.

11 Financial risk management

Principles of financial management

The Group's financial management encompasses measures including cash and liquidity management as well as the management of market price risks (interest, currency) and credit default risks.

Cash management determines the required or surplus cash for all DEKRA entities. Timely account management ensures that the necessary funds for payments are available where they are needed, with the aim of keeping external investment and borrowing to a minimum.

Liquidity management ensures that all payment obligations of the entities in the DEKRA Group are always met. To this end, the liquidity planning determines cash flows from operating activities, secures foreseeable liquidity requirements at an early stage, and invests surplus liquidity on the money market or deposits it in bank accounts.

Market price risk management has the task of limiting the impact of interest rate and currency fluctuations on the Group's earnings. For this purpose, the market price risks are determined and used as a basis for hedging decisions. Such decisions include the selection of hedging instruments, the volume to be hedged, and the period to be covered.

The risk volume involved in the management of credit default risks includes investments in securities and the investment of liquid funds (cash and cash equivalents) at financial institutions as part of liquidity management, as well as the credit risk relating to end customers due to the granting and systematic monitoring of payment terms from trade.

Short-term investments of liquid funds (cash and cash equivalents) are only made at top-rated financial institutions and money market funds and on the basis of current rankings by rating agencies, also taking into account current CDS spreads. We use commercial credit agencies to assess the creditworthiness of our customers, and in cases of doubt we insist on upfront payment or the provision of bank guarantees.

The main goals of the DEKRA Group's financial management are to ensure solvency at all times and to limit financial risks.

Financial derivatives are only used for hedging purposes for existing or foreseeable hedged items. This does not give rise to any additional risks for the Group. The transactions are only carried out with marketable instruments.

Liquidity risk

The liquidity scope required for operations and for implementing strategic measures is ensured through the liquid funds (cash and cash equivalents) held and bank credit lines committed in writing. Liquid funds (cash and cash equivalents) are held in bank accounts or invested in the form of overnight money and time deposits as well as short-term money market papers. A central euro cash pool has been set up at DEKRA SE for the German subsidiaries and the international subsidiaries in the euro zone. Cash pools have also been established for the subsidiaries in the USA (USD), in China (CNY), in the UK (GBP) and in Sweden (SEK).

As a rule, the financing of the entities in euros is performed centrally through DEKRA SE.

As of December 31, 2023, the DEKRA Group was exposed to only a very small risk of being unable in the future to meet its payment obligations arising from financial instruments. The DEKRA Group requires sufficient liquidity scope for future acquisitions, which is ensured by the liquid funds available, the bank loans and promissory note loans taken out and by longer-term loan commitments. As of December 31, 2023, there are credit lines of 416.3 million euros (prior year: 413.8 million euros) granted in writing that have not yet been drawn.

In order to visualize liquidity risks, the DEKRA Group prepares an overview of maturities for its undiscounted payment obligations arising from financial instruments. As of the reporting date, the contractually agreed undiscounted financial liabilities including interest breaks down as follows:

Dec. 31, 2023 in € thousand	< 1 year	1 to 5 years	> 5 years
Trade payables	124,554	0	0
Liabilities to banks	121,739	65,450	618
Other financial liabilities	125,992	0	0
Lease liabilities	115,609	229,440	104,030
	487,894	**294,890**	**104,648**

Dec. 31, 2022 in € thousand	< 1 year	1 to 5 years	> 5 years
Trade payables	133,900	0	0
Liabilities to banks	132,112	88,346	694
Other financial liabilities	113,418	1	0
Lease liabilities	111,340	219,916	101,232
	490,770	**308,263**	**101,926**

In addition to liabilities from (promissory note) loans, the liabilities to banks mostly include short- and medium-term utilization of credit lines by foreign subsidiaries.

Default risk

In the course of its operations, DEKRA is exposed to the risk of default on outstanding trade receivables. The DEKRA Group counters this risk through timely receivables management, which entails the regular monitoring of outstanding items as well as the timely dunning and collection of receivables. There were no significant risk concentrations as of the reporting date.

DEKRA is also exposed to default risk in relation to cash investments. In order to minimize these risks as far as possible, we restrict our cash deposits to counterparties with first-class credit ratings within the framework of defined limits. In addition, there is a limit on the proportion of the entire investment volume that may be deposited with any one counterparty. Investments in securities are only made with investment grade institutions.

No collateral is pledged by the counterparties for the financial instruments held. As of December 31, 2023, with the exception of trade receivables and loans, no material financial assets were overdue or affected by amendments to contracts.

The carrying amounts of financial assets correspond to the maximum risk of default.

Market risk

Market risk is the risk that the fair value or the future cash flows from a financial instrument may fluctuate due to changes in the market prices. Within the DEKRA Group, the market risk encompasses three types of risk: Interest fluctuation risk, currency risk, and other price risks such as changes in share prices or indices. The financial instruments exposed to market risk include, among others, loans, deposits, debt instruments or equity instruments, and also derivative financial instruments.

Market risk – interest fluctuation risk

We are exposed to interest fluctuation risks in the context of our investing and financing activities. With regard to investing activities, interest fluctuations lead to changes in the fair value of fixed-interest securities. With regard to long-term borrowing requirements, we pursue the goal of using largely fixed-interest financing arrangements.

The DEKRA Group performs a sensitivity analysis to assess the risk exposure for the statement of comprehensive income. The analysis tests the impact of a parallel shift of 100 basis points in the interest structure curve on interest income and interest expenses.

A parallel upward shift of 100 basis points in the interest structure curve would result in an increase of 871 thousand euros in the interest result (prior year: decrease of 1,094 thousand euros). A parallel downward shift of 100 basis points would lead to a rise of 294 thousand euros in the interest result (prior year: 1,214 thousand euros).

Market risk – currency risks

Currency risks from operating activities are of immaterial significance because the local entities invoice the services that they provide locally almost exclusively in the currency of their own country. Occasionally, liabilities in foreign currencies arise in connection with investments and/or intracompany transactions, for which a hedging decision is made on a case-by-case basis.

A shift of +/-10% in the value of the euro compared to the Group's main foreign currencies would have an effect on the financial result arising from the currency translation of short-term and long-term loans to affiliated companies equivalent to approx. +/-4.9 million euros (prior year: +/-4.2 million euros) without taking the effect of deferred tax into account. Decisions about any required hedging measures in this context are made on a case-by-case basis. Changes in exchanges rates are not expected to have a material impact on the other financial assets or other financial liabilities.

Market risk – other price risks

With regard to the presentation of market risks, IFRS 7 also requires disclosures to be made on the effect of hypothetical changes in risk variables on the price of financial instruments. Notably, stock market prices or indices come into question as risk variables. As of December 31, 2023, the Group had a total of 16.2 million euros in financial assets measured at fair value through profit or loss (prior year: 42.5 million euros) that are subject to fluctuations in fair value. These risks largely relate to interest, creditworthiness and exchange rate risks. They are taken into account within the general risk management framework. On average, the changes in fair value amounted to 13.6% in 2023 and 7.8% in 2022.

12 Related-party transactions

Pursuant to IAS 24 "Related Party Disclosures", transactions with related parties must be disclosed. The members of the Management Board and of the Supervisory Board and also the shareholders are to be viewed as related parties within the meaning of IAS 24.9.

Remuneration of the members of the Management Board

The remuneration of the members of the Management Board (payments due in the short term) consists of a fixed annual remuneration and a performance-based variable management bonus. The total remunerations granted to the members of the Management Board of DEKRA SE, including expense allowances, amount to 2,119 thousand euros (prior year: 2,034 thousand euros).

Additionally, there were further expenses (amongst others, for pensions at DEKRA SE) of 290 thousand euros (prior year: 683 thousand euros) and obligations of 370 thousand euros (prior year: 334 thousand euros) in respect of the board members.

This results in a total remuneration amount of 2,409 thousand euros (prior year: 2,717 thousand euros).

The total remunerations to former members of the Management Board amount to 837 thousand euros (prior year: 795 thousand euros). In addition, there are also pension obligations of 15,382 thousand euros (prior year: 12,516 thousand euros).

Remuneration of the members of the Supervisory Board

The current remunerations to the members of the Supervisory Board for the financial year amount to 286 thousand euros (prior year: 354 thousand euros), of which a total of 274 thousand euros (prior year: 354 thousand euros) is recognized as a liability as of balance sheet date.

Additionally, there were further expenses of 695 thousand euros (prior year: 736 thousand euros) and pension obligations of 245 thousand euros (prior year: 570 thousand euros) in respect of the members of this board.

Transactions with DEKRA e.V., Stuttgart

There are liabilities to DEKRA e.V., Stuttgart, as of December 31, 2023 amounting to 53.3 million euros (prior year: 31.8 million euros), mainly resulting from cash pooling, profit transfer, and VAT liabilities. There are still receivables of 0.1 million euros (prior year: 13.2 million euros) mainly arising from trade receivables (prior year: from the cash pooling system, less profit/loss transfer).

Rent agreements exist between DEKRA e.V., Stuttgart, as landlord and various companies of the DEKRA Group as tenant. In the 2023 financial year, the rent for the business premises amounted to 21.4 million euros (prior year: 21.0 million euros). The receivables from and liabilities to DEKRA e.V., Stuttgart, give rise to interest income of 3.0 million euros (prior year: 1.2 million euros) and interest expenses of 0.7 million euros (prior year: 0.9 million euros). Tax allocations for income taxes amounted to 39.1 million euros (prior year: 35.1 million euros). In addition, services totaling 1.4 million euros (prior year: 1.9 million euros) were purchased from DEKRA e.V., Stuttgart.

Under a corporate lease agreement, activities are primarily performed in the field of German vehicle automotive testing and expert reports by an operating company of the DEKRA Group for DEKRA e.V., Stuttgart. Business is generally conducted in the name of and for the account of DEKRA Automobil GmbH, Stuttgart. All transactions and business processes are handled at DEKRA Automobil GmbH.

As remuneration for the activities, a flat-rate percentage of the profit generated before income taxes or of the sales revenue is invoiced. In the 2023 financial year, a total volume of 8.3 million euros (prior year: 7.1 million euros) was charged to the DEKRA Group, while DEKRA e.V., Stuttgart, recorded revenue of the same amount from this source.

In addition, the DEKRA Group provided services of 10.6 million euros (prior year: 10.7 million euros) for DEKRA e.V., Stuttgart, in the financial year. These services were mainly incurred for PR work and in the context of shared services.

There is a profit and loss transfer agreement and a control/subordination agreement in place between DEKRA SE and DEKRA e.V., Stuttgart, as well as a tax group for income tax and sales tax purposes.

Transactions with non-consolidated subsidiaries, associates and investee companies

Subsidiaries that are not fully consolidated

in € million	**Dec. 31, 2023**	Dec. 31, 2022
Services provided	6.1	5.5
Services purchased	5.4	6.4
Financial income	0.7	2.8
Receivables and loans	17.9	17.4
Liabilities*	2.3	2.0

Associated companies and joint ventures

in € million	**Dec. 31, 2023**	Dec. 31, 2022
Services provided	0.2	0.3
Services purchased	12.3	11.8
Financial income	0.2	0.2
Receivables and loans	3.9	3.7
Liabilities	1.0	1.0

Investee companies

in € million	**Dec. 31, 2023**	Dec. 31, 2022
Services provided	0.0	0.1
Services purchased	0.0	0.9
Receivables and loans	0.0	0.1

* Liabilities are partially netted with the receivables in the balance sheet

13 Information on the members of the Management Board and Supervisory Board

Members of the Management Board during the 2023 financial year up to the date of preparation of the statement of financial position were:

- **Stanislaw Zurkiewicz, CEO**
  Chairman of the Management Board, Stuttgart
- **Wolfgang Linsenmaier, CFO**
  Member of the Management Board, Freiberg am Neckar
- **Peter Laursen, COO (since April 5, 2023)**
  Member of the Management Board, Allerød, Denmark
- **Petra Finke, CDO (since July 1, 2023)**
  Member of the Management Board, Emsdetten

The members of the Supervisory Board in the 2023 financial year were:

- **Stefan Kölbl, Chairman**
  President of the Presidential Board of DEKRA e.V., Stuttgart
  Formerly Chairman of the Management Board of DEKRA e.V. and DEKRA SE
- **Monika Roth-Lehnen*, Deputy Chairwoman**
  Chairwoman of the Works Council of DEKRA SE,
  Chairwoman of the Central Works Council of DEKRA Akademie GmbH, Stuttgart,
  Wuppertal Service Center of DEKRA Akademie GmbH
- **Hanna Binder***
  Deputy Regional Director of
  ver.di in the German state of Baden-Württemberg
- **Prof. Dr. Sabine Fließ**
  Douglas: Endowed Chair for Service Management
  Distance-learning University of Hagen, Hagen
- **Nicolas Gibaudan***
  Member of the Works Council of DEKRA SE,
  Representative of the French CGT trade union,
  Key Account Manager
  DEKRA Industrial S.A.S., Limoges, France
- **Klaus-Jürgen Heitmann**
  Spokesman of the Boards of Directors of
  HUK-Coburg Versicherungsgruppe [insurance group], Coburg
- **Jean-Luc Inderbitzin***
  Deputy Chairman of the Works Council of DEKRA SE,
  Representative of the French CFDT trade union of DEKRA
  Industrial S.A.S., Limoges, France
- **Arndt G. Kirchhoff**
  Chairman of the Advisory Council of Kirchhoff Group, Iserlohn
- **Stephan Kramer**
  Branch Manager – Hamburg South,
  Regional Spokesman for Schleswig-Holstein – DEKRA Automobil GmbH, Stuttgart
- **Daniel Kusch***
  Chairman of the Group Works Council of DEKRA SE,
  2nd Deputy Chairman of the General Works Council of DEKRA Automobil GmbH,
  Cologne branch,
  DEKRA Automobil GmbH, Stuttgart

- **Jörg Leiser***
  Member of the Group Works Council of DEKRA SE,
  Member of the General Works Council of DEKRA Automobil GmbH,
  Operational environmental protection specialist
  Karlsruhe branch office, DEKRA Automobil GmbH, Stuttgart
- **Peter Tyroller**
  Formerly: Managing Director
  Robert Bosch GmbH, Stuttgart

* elected by the employees

14 Subsequent events

No significant events occurred subsequent to the balance sheet date.

15 Other disclosures

Audit of the annual financial statements

The Annual General Meeting on April 5, 2023 appointed PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, as auditors of the individual and consolidated financial statements for the 2023 financial year.

The auditors' fees recognized in the financial year are shown in the following table.

in € thousand	**2023**	2022
Tax consultancy	202	0
Audit services	771	748
Other services	1,229	0
	2,202	**748**

List of shareholdings and consolidated group

The Group's entire shareholdings pursuant to Sec. 313 (2) HGB as well as all of the entities included in the consolidated financial statements in addition to DEKRA SE are presented in the following list.

I. Affiliated companies (fully consolidated)

1. Domestic (Germany)

			Capital share in %
DEKRA Akademie GmbH	Stuttgart	3)	100.00
DEKRA Arbeit GmbH	Stuttgart	3)	100.00
DEKRA Assurance Services GmbH	Stuttgart	3)	100.00
DEKRA Automobil GmbH	Stuttgart	3)	100.00
DEKRA AUTOMOTIVE SOLUTIONS Germany GmbH	Frankfurt am Main	3)	100.00
DEKRA Certification GmbH	Stuttgart	3)	100.00
DEKRA Claims Services GmbH	Stuttgart	3)	100.00
DEKRA Digital GmbH	Stuttgart		100.00
DEKRA Event & Logistic Services GmbH	Stuttgart	3)	100.00
DEKRA Expert Migration GmbH (previously: DEKRA Qualification GmbH	Stuttgart	3)	100.00
DEKRA INCOS GmbH	Ingolstadt	3)	100.00
DEKRA Inspection Services GmbH	Stuttgart		100.00
DEKRA Personal GmbH	Stuttgart	3)	100.00
DEKRA Personaldienste GmbH	Stuttgart	3)	100.00
DEKRA Testing and Certification GmbH	Stuttgart	3)	100.00
DEKRA Visatec GmbH	Sulzberg/See		100.00
GKK Gutachten GmbH	Düsseldorf	3)	100.00
PRO-LOG Beteiligungs GmbH	Stuttgart		100.00
PRO-LOG IV GmbH	Stuttgart		100.00
PRO-LOG Personal GmbH	Stuttgart		100.00
PRO-LOG Ruhr GmbH	Bochum		100.00
UPDOWN Ingenieurteam für Fördertechnik GmbH	Hamburg		100.00

2. Foreign

		Capital share in %
Auto Bilan France S.A.S.U.	Le Plessis-Robinson, France	100.00
BST Consultants Pte. Ltd.	Singapore, Singapore	100.00
Checkauto Consultatoria Técnica e Informções Veiculares Ltda.	Atibaia, SP, Brazil	100.00
Chilworth France S.A.S.	Lyon (previously: St. Jonage), France	100.00
D.Akademie S.r.l.	Cinisello Balsamo (previously: Verona), Italy	100.00
DEKRA – EXPERT Müszaki Szakértöi Kft.	Budapest, Hungary	100.00
DEKRA (India) Pvt. Ltd.	New Delhi, India	100.00
DEKRA (Shanghai) Co. Ltd.	Shanghai, China	100.00
DEKRA (Shanghai) Investment Co. Ltd.	Shanghai, China	100.00
Dekra (Suisse) SA	Thônex, Switzerland	100.00
DEKRA A/S	Brøndby, Denmark	100.00
DEKRA Akademie A/S	Brøndby, Denmark	100.00
DEKRA Akademie Kft.	Budapest, Hungary	100.00
DEKRA Akademie Sh.p.k.	Tirana, Albania	100.00
DEKRA Arbeit (Schweiz) Holding AG	Sargans, Switzerland	100.00
DEKRA Arbeit AG Basel	Basel, Switzerland	100.00
DEKRA Arbeit AG Buchs	Buchs, Switzerland	100.00

		Capital share in %
DEKRA Arbeit AG Chur	Chur, Switzerland	100.00
DEKRA Arbeit AG Sargans	Sargans, Switzerland	100.00
DEKRA Arbeit AG St. Gallen	St. Gallen, Switzerland	100.00
DEKRA Arbeit Magyaroszag Szolgáltató Kft.	Budapest, Hungary	100.00
DEKRA Austria GmbH	Leopoldsdorf, Austria	100.00
DEKRA Automotive AB	Solna, Sweden	100.00
DEKRA Automotive La Réunion S.A.S.	Saint-Denis, France	100.00
DEKRA Automotive Ltd.	Stokenchurch, UK	100.00
DEKRA Automotive Maroc S.A.	Casablanca, Morocco	80.00
DEKRA Automotive Pty. Ltd.	Klerksoord, Rosslyn, South Africa	100.00
DEKRA Automotive S.à r.l.	Munsbach, Luxembourg	100.00
DEKRA Automotive S.A.S.	Le Plessis-Robinson, France	100.00
DEKRA Automotive Solutions France S.A.S.U.	Bordeaux, France	100.00
DEKRA Belgium SA	Zaventem, Belgium	100.00
DEKRA Business Services (Beijing) Co. Ltd	Beijing, China	100.00
DEKRA Canada Inc.	Moncton, New Brunswick, Canada	100.00
DEKRA Caribbean N.V.	Willemstad, Curaçao	100.00
DEKRA Certification (Proprietary) Ltd.	Rosslyn, South Africa	100.00
DEKRA Certification B.V.	Arnhem, Netherlands	100.00
DEKRA Certification Hong Kong Limited	Hong Kong, China (Hong Kong)	100.00
DEKRA Certification Japan K.K.	Yokohama-shi (previously: Tokyo), Japan	100.00
DEKRA Certification Ltd.	Tzur Yigal, Israel	100.00
DEKRA Certification S.A.S.	Le Plessis-Robinson, France	100.00
DEKRA Certification Sp. z o.o.	Wrocław, Poland	100.00
DEKRA Certification Tanúsító és Szolgáltató Kft.	Budapest, Hungary	100.00
DEKRA Certification. Inc.	North Wales, PA, United States of America	100.00
DEKRA Claims and Expertise B.V.	Alkmaar, Netherlands	100.00
DEKRA Claims Services Luxembourg S.A.	Munsbach, Luxembourg	100.00
DEKRA Claims Services Netherlands B.V.	Capelle aan den IJssel, Netherlands	100.00
DEKRA Claims Services UK Ltd.	Stokenchurch, Bucks, UK	100.00
DEKRA Costa Rica SA	San José – Santa Ana Pozos, Costa Rica	100.00
DEKRA Croatia d.o.o.	Zagreb, Republic of Croatia	100.00
DEKRA CZ a.s.	Prague 4, Czech Republic	100.00
DEKRA d.o.o. Beograd	Zvezdara, Belgrade, Serbia	100.00
DEKRA Empleo ETT S.L.	Madrid (previously: Barcelona), Spain	100.00
DEKRA Equipment & Services A/S	Brøndby, Denmark	100.00
DEKRA España S.L.	Málaga, Spain	100.00
DEKRA Expertise S.A.S.	Cormelles-le-Royal, France	100.00
DEKRA Expertises Ltda.	Atibaia, SP, Brazil	100.00
DEKRA Finland Oy	Vantaa, Finland	100.00
DEKRA Foncier S.N.C.	Le Plessis-Robinson, France	100.00
DEKRA France S.A.S.U. (vormals S.A.S.)	Le Plessis-Robinson, France	100.00
DEKRA Fyn ApS	Odense, Denmark	100.00
DEKRA Industrial (Guangzhou) Co. Ltd.	Guangzhou, China	100.00
DEKRA Industrial A/S	Brabrand, Denmark	100.00
DEKRA Industrial A/S (previously: Bilsyn ApS)	Brøndby (previously: Silkeborg), Denmark	100.00
DEKRA Industrial AB Sweden	Göteborg, Sweden	100.00

		Capital share in %
DEKRA Industrial Holding S.A.S.	Limoges, France	100.00
DEKRA Industrial Oy	Vantaa, Finland	100.00
DEKRA Industrial RSA (Pty) Ltd.	Klerksoord, Rosslyn, South Africa	100.00
DEKRA Industrial S.A.	Barcelona, Spain	100.00
DEKRA Industrial S.A.R.L.	Algiers, Algeria	99.50
DEKRA Industrial Safety B.V.	Capelle aan den IJssel, Netherlands	100.00
DEKRA Industrial SAS	Limoges, France	100.00
DEKRA Inspeções Portugal. S.A.	Lisbon, Portugal	100.00
DEKRA Inspection Oy	Vantaa, Finland	100.00
DEKRA Inspection S.A.	Casablanca, Morocco	100.00
DEKRA Inspections. Inc.	Harrisburg, NC, United States of America	100.00
DEKRA iST Reliability Services Inc.	Hsinchu City, Taiwan	51.00
DEKRA iST Reliability Services Limited	Hong Kong, China (Hong Kong)	51.00
DEKRA iST Reliability Services Limited	Kunshan, China	51.00
DEKRA Italia S.r.l.	Cinisello Balsamo, Milan, Italy	100.00
DEKRA ITV España S.L.	Alcobendas (Madrid), Spain	100.00
DEKRA Katsastus OY	Kangasniemi, Finland	100.00
DEKRA Korea Co. Ltd.	Gyeonggi-do, Republic of Korea (South Korea)	100.00
DEKRA kvalifikácia a poradenstvo s.r.o.	Bratislava, Slovakia	100.00
DEKRA Midtjylland ApS	Herning (previously: Skjern), Denmark	100.00
DEKRA Motores Vistoria Veicular Ltda.	Atibaia, SP, Brazil	100.00
DEKRA Netherlands Holding B.V.	Arnhem, Netherlands	100.00
DEKRA New Zealand Ltd.	Wellington, New Zealand	60.00
DEKRA Nordjylland A/S	Sæby, Denmark	100.00
DEKRA North America. Inc.	Atlanta, GA, United States of America	100.00
DEKRA People B.V.	Alkmaar, Netherlands	100.00
DEKRA POLSKA Sp. z o.o.	Warsaw, Poland	100.00
DEKRA Portugal S.A.	Lisbon, Portugal	100.00
DEKRA Prélèvements & Analyses SAS	Limoges, France	99.99
DEKRA Privremeno Zaposljavanje Podgorica d.o.o.	Podgorica, Montenegro	100.00
DEKRA Quality Management AB	Solna, Sweden	100.00
DEKRA Rail B.V.	Utrecht, Netherlands	100.00
DEKRA Service Maroc S.A.	Casablanca, Morocco	80.00
DEKRA Services (PTY) Ltd.	Klerksoord, Rosslyn, South Africa	100.00
DEKRA Services ApS	Brøndby, Denmark	100.00
DEKRA Services France SAS	Le Plessis-Robinson, France	100.00
DEKRA Services S.A.	Alcobendas (Madrid), Spain	100.00
DEKRA Services. Inc.	Atlanta, GA, United States of America	100.00
DEKRA Servicios Recursos Humanos S.L.	Madrid (previously: Barcelona), Spain	100.00
DEKRA Sjælland A/S	Næstved, Denmark	100.00
DEKRA Slovensko s.r.o.	Bratislava, Slovakia	100.00
DEKRA Solutions B.V.	Arnhem, Netherlands	100.00
DEKRA South Africa Pty. Ltd.	Klerksoord, Rosslyn, South Africa	100.00
DEKRA Southern Africa Oceania Limited	Wellington, New Zealand	100.00
DEKRA Sweden AB	Göteborg, Sweden	100.00
DEKRA Sydjylland A/S	Vejen, Denmark	100.00

		Capital share in %
DEKRA Technology & Services Kft	Budapest, Hungary	100.00
DEKRA TEST CENTER SAS	Montredon-des-Corbières, France	100.00
DEKRA Testing & Certification (Suzhou) Co. Ltd.	Suzhou, China	100.00
DEKRA Testing and Certification (Shanghai) Ltd.	Shanghai, China	100.00
DEKRA Testing and Certification Co. Ltd.	New Taipei City, Taiwan	100.00
DEKRA Testing and Certification Ltda.	Santiago de Chile, Chile	99.90
DEKRA Testing and Certification S.A.	Málaga, Spain	100.00
DEKRA Testing and Certification S.r.l.	Cinisello Balsamo, Milan, Italy	100.00
DEKRA Testing Services (Anhui) Co. Ltd.	Hefei, China	100.00
DEKRA Testing Services (Zhejiang) Ltd.	Yueqing (previously: Wenzhou), Zhejiang, China	51.00
DEKRA UK Ltd.	Southampton, Hampshire, UK	100.00
DEKRA UK Management Ltd.	Southampton, Hampshire, UK	100.00
DEKRA Vistorias e Serviços Ltda.	Atibia, SP, Brazil	100.00
DEKRA za privremeno zaposljavanje d.o.o.	Zagreb, Republic of Croatia	100.00
DEKRA Zaposljavanje d.o.o.	Podgorica, Montenegro	100.00
DEKRA zaposljavanje i zastupanje d.o.o.	Zagreb, Republic of Croatia	100.00
DEKRAMERICAS. S. de R.L. de C.V.	Guadalajara Jalisco, Mexico	100.00
France Etudes et Solutions SASU	Le Plessis-Robinson, France	100.00
Hangzhou DEKRA Certification Co. Ltd.	Hangzhou, China	100.00
Onward Security Corporation	New Taipei City, Taiwan	90.71
QTK Asia Electronics Ltd.	Road Town (Tortola), British Virgin Islands	100.00
UAB DEKRA Industrial	Visaginas, Lithuania	100.00
Vehicle Testing New Zealand Ltd.	Wellington, New Zealand	60.00
VEIKI-VNL Villamos Nagylaboratóriumok Korlátolt Felelősségü Társaság	Budapest, Hungary	100.00

II. Affiliated companies (not included in the consolidated financial statements)

1. Domestic (Germany)

		Capital share in %
DEKRA Media GmbH	Mönchengladbach	100.00
DEKRA Neo (previously: Cargo & Security Services) GmbH	Stuttgart	100.00
mastap GmbH	Hamminkeln (previously: Wesel)	100.00

2. Foreign

		Capital share in %
D. Invest s.r.l.	Cinisello Balsamo (MI), Italy	100.00
DEKRA Akademie EPE	Thessaloniki, Greece	100.00
DEKRA Arbeit Anstalt	Eschen, Principality of Liechtenstein	95.00
DEKRA Arbeit Austria GmbH	Vienna, Austria	100.00
DEKRA Arbeit BH d.o.o.	Sarajevo, Bosnia-Herzegovina	100.00

		Capital share in %
DEKRA Arbeit Bulgaria EOOD	Sofia, Bulgaria	100.00
DEKRA Arbeit Greece SINGLE MEMBER P.C.	Pylaia, Thessaloniki, Greece	100.00
DEKRA Arbeit L.L.C.	Priština, Kosovo	100.00
DEKRA Arbeit SHPK	Tirana, Albania	100.00
DEKRA Automotive EOOD	Sofia, Bulgaria	100.00
DEKRA Bilbesiktning AB	Göteborg, Sweden	100.00
DEKRA Bilsyn Partner A/S	Brøndby, Denmark	100.00
DEKRA Certification S.L.	Barcelona, Spain	100.00
DEKRA Certification S.R.L.	Bucharest (previously: Cluj-Napoca), Romania	100.00
DEKRA Certification UK Ltd.	Stokenchurch, UK	100.00
DEKRA Claims Services	Kyiv, Ukraine	70.00
DEKRA Claims Services Austria GmbH	Vienna, Austria	100.00
DEKRA Claims Services France SASU	Levallois-Perret, France	100.00
DEKRA Claims Services Maroc S.A.R.L.	Casablanca, Morocco	100.00
DEKRA Claims-Services-Magyarország Szolgáltató Kft.	Budapest, Hungary	100.00
DEKRA Development s.r.o.	Bratislava, Slovakia	100.00
DEKRA Egypt for Services and Consulting	Cairo, Egypt	51.00
DEKRA Expert OOO	Kyiv, Ukraine	80.00
DEKRA Hasar Servisi Ltd. Sti. i.L.	Istanbul, Turkey	100.00
DEKRA Hellas EPE	Athens, Greece	100.00
DEKRA Industrial Inspection Lda.	Maputo Cidade, Republic of Mozambique	100.00
DEKRA kvalifikace a poradenství s.r.o.	Prague 4, Czech Republic	100.00
DEKRA Loss Adjusters and Surveyors Ltd.	Stokenchurch, UK	100.00
DEKRA Middle East FZE	Dubai, United Arab Emirates	100.00
DEKRA Outsourcing d.o.o.	Belgrade, Serbia	100.00
DEKRA Personnel France SAS	Paris, France	100.00
DEKRA Praca Sp. z o.o.	Kraków, Poland	100.00
DEKRA Revisión Técnica SpA	Santiago de Chile, Chile	100.00
DEKRA Russ O.O.O.	Moscow, Russian Federation	99.99
DEKRA Services Spolka z.o.o	Kraków, Poland	100.00
DEKRA TW s.r.o.	Bratislava, Slovakia	100.00
DEKRA usluge d.o.o.	Zagreb, Republic of Croatia	100.00
DEKRA Vrabotuvanje dooel.	Skopje, Macedonia	100.00
DEKRA zaposlitev d.o.o.	Ljubljana, Slovenia	100.00
DEKRA zaposljavanje d.o.o.	Sarajevo, Bosnia-Herzegovina	100.00
DEKRA Zaposljavanje d.o.o.	Belgrade, Serbia	100.00
European Road Stars Academy SPRL	Brussels, Belgium	50.10
Gudmund s.r.o.	Vršovice, Prague 10, Czech Republic	100.00
Laon Controle Technique SAS	Le Plessis-Robinson, France	100.00
Master Test Chile SpA.	Santiago de Chile, Chile	100.00
Onward Security (Shanghai) Company Limited	Shanghai, China	90.71
Onward Security Japan Corporation	Tokyo, Japan	90.71
Private Employment Agency DEKRA Arbeit Macedonia	Skopje, Macedonia	100.00
PRO-LOG CG d.o.o.	Podgorica, Montenegro	100.00

			Capital share in %
PRO-LOG SR DOO	Belgrade, Serbia		100.00
SF Katsastus Oy Kaarina	Hietamäki, Finland		100.00
SF Katsastus Oy Raisio	Raisio, Finland		100.00
TATRA TRUCK s.r.o.	Krásny Brod, Slovakia		100.00

III. Associated companies and joint ventures

1. Domestic (Germany)

			Capital share in %
ARGE "Technische Prüfstelle für den Kraftfahrzeugverkehr 21" GBR	Dresden	1)	25.00
CertifAI GmbH	Hamburg		48.72
Euro Transport Media Verlags- und Veranstaltungsgesellschaft mbH	Stuttgart		40.00
FSD Fahrzeugsystemdaten GmbH	Dresden		33.71

2. Foreign

			Capital share in %
DEKRA Advanced Mobility Testing (Huzhou) Co. Ltd.	Huzhou City, China	5)	51.00
NDT Training Center Aktiebolag	Västerås, Sweden	1)	33.00
Spearhead AG	Dietlikon, Switzerland		33.35

IV. Shareholding investments

2. Foreign

			Capital share in %
Eiffage Énergie Systèmes – DYNAE SA	Villefontaine, France	2), 4)	19.93
ITT Technology Transfer s.r.l., i.L.	Ferrara, Italy	2)	1.00
Société Coopérative de Promotion S.A.	Trappes, France	2)	< 5.00

1) Not measured according to the equity method due to the immaterial significance for the net assets, financial position and results of operations
2) No disclosures as per Sec. 313 (2) no. 4 HGB are made because these are of immaterial significance for the presentation of a true and fair view of the net assets, financial position and results of operations of the Group
3) Exercising the exemption defined in Sec. 264 (3) HGB
4) This does not have a material impact
5) Not a controlled entity, based on the resolutions laid down in the articles of incorporation

Stuttgart, March 28, 2024
DEKRA SE
The Members of the Management Board

Zurkiewicz
CEO / Chairman of the Management Board

Finke

Laursen

Linsenmaier

Independent Auditor's Report

To DEKRA SE, Stuttgart

Audit opinions

We have audited the consolidated financial statements of DEKRA SE, Stuttgart, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the Group management report of DEKRA SE for the financial year from January 1 to December 31, 2023. In accordance with the German legal requirements, we have not audited the content of the parts of the Group management report specified in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e paragraph 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2023, and of its financial performance for the financial year from January 1 to December 31, 2023, and
- the accompanying Group management report as a whole provides an appropriate view of the Group's position. In all material respects, this Group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the Group management report does not cover the content of the parts of the Group management report listed in the "Other Information" section.

Pursuant to Section 322 paragraph 3(1) HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and the Group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and of the Group management report in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW; Institute of Public Auditors in Germany). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the Group entities, in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the Group management report.

Other information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the Group management report:

- The corporate governance statement contained in the "Personnel Report" section of the Group management report in accordance with Section 289f paragraph 4 HGB (information on the proportion of women)
- The "Integrity" and "Sustainability" sections of the Group management report

The other information further comprises all remaining parts of the finance report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited Group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the Group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the Group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the executive directors and the Supervisory Board for the consolidated financial statements and the Group management report

The executive directors are responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e paragraph 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal controls as they have determined necessary to enable the preparation of consolidated financial statements that are free of material misstatements, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to the ability to continue as a going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of a Group management report which, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a Group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the Group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the Group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and the Group management report

Our objectives are to obtain reasonable assurance that the consolidated financial statements as a whole are free of material misstatements, whether due to fraud or error, and that the Group management report as a whole provides an appropriate view of the Group's position is in all material respects consistent with the consolidated financial statements and the knowledge obtained during the audit, complies with German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the Group management report.

Reasonable assurance is a high level of assurance but not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this Group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements in the consolidated financial statements and the Group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of failing to detect a material misstatement due to fraud is higher than for one due to error, because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the Group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists in respect of events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the Group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in such a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e paragraph 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and the Group management report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the Group management report with the consolidated financial statements, its conformity with German law, and the view it provides of the Group's position.

- Perform audit procedures on the prospective information presented by the executive directors in the Group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information or on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding various matters including the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Stuttgart, March 28, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Marcus Nickel
Wirtschaftsprüfer
(German Public Auditor)

Jürgen Berghaus
Wirtschaftsprüfer
(German Public Auditor)

Report from the Chairman of the Supervisory Board

Dear readers,

2023 was the year when artificial intelligence (AI) broke through. DEKRA took decisive action in response to this development, not only has the Company taken an active role in the necessary regulation of AI over the past financial year, it also launched the first AI testing services on the market. DEKRA SE's Management Board regularly updated the Supervisory Board about these strategically important topics and other business activities, both verbally and in writing, and the Supervisory Board comprehensively performed and fulfilled its monitoring and management function.

The collaboration between the two bodies centered on the exchange of information about the Company's operating business and strategic development. In two regular Supervisory Board meetings, the Management and Supervisory Boards discussed strategies and steps on the path to further growth, for example.

Over the course of the 2023 financial year, DEKRA expanded its range of new training, consulting, testing, validation and inspection services in existing business areas as well as in strategic future growth areas. Besides AI and digitalization, these are cybersecurity, future mobility and sustainability. In the area of sustainability, the Company's portfolio now includes more than 500 services such as life cycle analyses, the testing of systems and associated infrastructure for the production of renewable energy and ESG auditing and consulting services.

The Supervisory Board appointed PwC as the external auditor for the 2023 financial year and commissioned the firm to examine DEKRA SE's annual accounts, management report, consolidated financial statement, and Group management report, together with the accounting for the 2023 financial year.

The Supervisory Board acknowledged and approved the unqualified audit opinion of the external auditor. The Supervisory Board's own examination of the annual accounts, management report, consolidated financial statement, and Group management report did not result in any objections. The annual accounts drawn up by the Management Board are approved by the Supervisory Board and thereby adopted. The Supervisory Board thanks the Management Board and all DEKRA employees for their successful endeavors in the past reporting year.

Stuttgart, April 2024
Stefan Kölbl

Chairman of the Supervisory Board

Imprint

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DEKRA; Michael Wagner, Stuttgart (p. 4, 113)